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THE PLIGHT OF PUERTO RICO

THE United States has at least two powerful reasons for reappraising its economic relations with the Caribbean area. The first is the obvious down-to-earth status which the war has brought to the "good neighborhood". On this score wartime problems of supplies, loss of markets, and the building of adequate military bases stand in the forefront. The second, and even more important, reason is that the war has strengthened our suspicion that a rephrasing of the responsibilities of the United States in world peace is necessary. Neither the casual imperialism of a generation ago nor the piecemeal charities of the good-neighbor policy to date afford a suitable formula for bringing into order the frictions which characterize the relationship of the United States, a highly industrialized country of vast and varied resources, to the "inferior" outlying areas of more limited resources and less extensive development.

The war, with its emphasis on the *jointness* of Caribbean welfare, has provided an occasion for reviewing the economic bases of that welfare, and inquiring into the revisions which the future is likely to recommend. Such review and inquiry need cause the United States little anxiety, so far as immediate war policies are concerned. Caribbean territories, with the unimportant exception of Vichy's islands, are active and apparently enthusiastic followers of the United States. But it would be premature to interpret this unanimity of action as the crowning triumph of a non-imperialistic policy. The fact re-

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mains that the Caribbean is a colonial area, whose wartime rôle was predetermined by dependence on the United States. As such, Caribbean coöperation signalizes the completeness of this country's domination, not the attraction of freedom's rewards.

The focal point for current perspectives of the United States in the Caribbean seems to be the economic "integration" of an area long conceded by all nations to be peculiarly within our sphere of influence. The good-neighbor policy officially foresees in mutually beneficial economic relations the only necessary guarantee to the firmness and oneness of the area. But what economic relations are mutually beneficial, and how are they to be forged? Integration itself is an elusive concept. World trade, to an astonishing degree, has been on an imperialist basis. That is to say, trade has emphasized the division of areas into raw-material or finished-goods production, with an enforced stagnation of economic development in the areas which fall into the former class. That such a routing of trade channels is readily accepted as inherent in the nature of things seems implicit in the widespread view today that Argentina is a *natural* part of the European trading orbit, and a *natural* trade enemy of the United States.

The unhappy effect of such a channelization of trade between colonial and mother areas is apparent in the discrepancies of development between countries of enforced colonial status, like Puerto Rico of the present study, and those, like Argentina, that have had some success in breaking out. To some extent at least the present war is—and is recognized as—a consequence of the arbitrary colonialization of the world without sufficient reference to legitimate economic potentials. Integration, then, in the imperialist sense is no more than the frustration of one area's economic possibilities in order to sustain arbitrary leads gained by another. Whatever advantages of stability such integration may have had in the past, or may still possess in the short run, it creates dangerous pressures in the long run. Undeveloped resources and the social frustrations which attend them give both means and ends

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to aggressive builders of new orders and co-prosperity spheres.

Or does integration imply an extension of intra-area trade limited only by the resources and market of the area? Such integration would obviously entertain the area's self-sufficiency as its goal. The equally obvious objection is that such self-sufficiency is uneconomic because it arbitrarily excludes the advantages of specialization which would otherwise be available through trade with other areas.

Thus, while we may recognize at once that circumstances may call for temporarily uneconomic policies, integration in the long run must be viewed merely as the deployment of an area's resources in such a way as to secure a maximum product. In the case of Caribbean relations with the United States there is fortunately little conflict between the political and economic aspects of integration. The historical and geographic influences on the area's development are such as to create legitimate economic sinews for the political embrace in which the United States holds it. Accordingly, that embrace need be neither costly to the United States nor stifling to the Caribbean. Unhappily it has so far in a large measure been both.

Speaking broadly—as one must in speaking at once of a variegated area—the problem of United States policy in the Caribbean is then essentially one of discovering an appropriate basis for the great influence which a country of vast investment potential and sweeping political importance is bound to wield over less developed and less powerful outlying areas. Conditions in the Caribbean are especially auspicious for the success of a policy looking toward the mutual benefit of both the influencer and the influenced. This, in turn, is no more than the assumption on which the good-neighbor policy is based.

* * * *

A shipmate of Columbus on the voyage during which Puerto Rico was discovered (1493) wrote: "All of these islands are very handsome and of very good earth, but this seemed to everybody the best." Four hundred and fifty years later, John Gunther wrote of the Rich Port in a different vein:

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> I saw, in short, misery, disease, squalor, filth. It would be lamentable enough to see this anywhere. It would be shocking enough in the remote uplands of Peru or the stinking valleys of the Ganges. But to see it on American territory, among people whom the United States has governed since 1898, in a region for which our federal responsibility has been complete for 43 years, is a paralyzing jolt to anyone who believes in American standards of progress and civilization.
>
> The picture seen by the eye is bad enough. The story heard by the ear is even worse.
>
> I found that in Puerto Rico between 350,000 and 400,000 school children — about 56 per cent of the children of school age—do not go to school, because there are not enough schoolrooms.
>
> I found that in some villages a flat 100 per cent of the population has malaria.
>
> I found that infant mortality in Puerto Rico is the highest in the world, four times that of the United States.
>
> I found that the average income of the jibaro (peasant) is about $135 per year, or less than 40 cents a day.
>
> I found that a pound of meat costs 30 cents in Puerto Rico, whereas in Santo Domingo 45 miles away it is 6 cents.
>
> I found that there is no milk fit to drink, and that even the public water supply—on American territory!—is not safe, because the island cannot afford proper sanitation methods.

It is a question of some nicety as to which of the impoverished Caribbean islands is worst off, but Puerto Rico—the only part of Latin America except the Canal Zone and the Virgin Islands under direct control of the United States—can lay an indisputable claim to being the home of our most miserable citizens. Gunther's comments compete, but do not differ, in grimness with those of other visitors who have recorded their impressions of the island's society. Admiral Leahy, whom President Roosevelt in 1939 sent as governor to strengthen the island's defenses, reported to Congress that a starving, miserable and unhappy civilian population constituted a danger to military strength, and that something had to be done about such deplorable social and economic conditions.

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If the measure of our economic interest in an area is the degree to which that area markets its products here, obtains its supplies here, depends on American capital for its development and American currency for its money, then Puerto Rico is almost 100 per cent bound to the United States and nothing further remains to be done. In fact, many of the American states themselves place a larger portion of their trade outside of the country than the 5 per cent which is normal for Puerto Rico. Nor is Puerto Rican trade with the continental United States significant only from the island's point of view. To the mainland Puerto Rico is the ninth largest customer in the whole world (second largest in Latin America), and the tenth largest source of supplies (third largest in Latin America). The island's all-important sugar industry is dominated by interests in the United States. This is true of the four largest companies which cultivate a fourth of all cane land. Its products are carried wholly in United States boats. About one half of its banking resources are held by branches of New York institutions, and its currency is the dollar. Finally, its people, while Spanish-speaking, are American citizens.

At the same time, the bulk of Puerto Rican exports is sugar, which enters the United States only because the more economically produced sugar of other areas (Java and Cuba) is in part excluded by quotas, while the remainder is subject to tariffs (in the case of Cuba currently equal to about 30 per cent ad valorem). Most of the island's imports are rudimentary consumers' items, which are bought at relatively high prices and transported at relatively great cost in lieu of a long overdue diversified agricultural and industrial development in Puerto Rico. So the question naturally arises whether an impoverished and abnormally developed island, whose dense and landless population is largely sick, idle and illiterate, can be considered as integrated with the United States in any proper sense.

Puerto Rico, which is roughly 100 miles by 35 miles, is 1,400 miles southeast of New York. Since it lies directly in what strategists consider to be the path of any hemisphere invader from the east, it has come to possess unusual importance in

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present efforts to strengthen hemisphere defenses. Its land consists of a central range of high hills surrounded by the coastal plain on which sugar cane is grown. Between the cane land and the timber regions of the hills lie the farms on which its secondary agricultural products—coffee, citrus fruit and tobacco—are cultivated. Its population of 1.9 million is, in terms of arable land per capita (0.6 acre), the densest in the world. Insular communications are reasonably good: 450 miles of railroad and 1,400 miles of paved roads. But its ports are largely shallow and costly to maintain, although two of them—San Juan and Ponce—are adequate and kept in good condition. The climate is equable, with temperatures rarely below 55 or above 90, and humidity varying little from an average of 70.

Politically Puerto Rico is an ambiguous part of the United States, ranking somewhere between a colony and an ordinary state. At the time of its acquisition from Spain in 1898, it was apparently thought that the island would as soon as possible become a state. This latter status does not seem likely to eventuate in the predictable future. At present an Organic Act of 1917 serves as the insular constitution. Under it Puerto Rico elects a bicameral legislature with considerable local authority, although its acts are subject to the veto of a governor appointed by the President of the United States. It is a part of the federal tariff system, although duties on products entering Puerto Rico are covered directly into the island's treasury. It is not subject to federal income taxes.

Foreign Trade

During the forty-four years since its acquisition by the United States, Puerto Rico has become strikingly dependent on the mainland for both markets and supplies. Its export—and import—trade with the United States has grown from 60 per cent of its total trade in 1900 to 95 per cent in 1940. This degree of dependence surely leaves little to be accomplished in a *quantitative* sense, by a policy devoted to the development of more intensive trade bonds. The unhealthy nature of this dependence will be treated below.

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As for Puerto Rico's balance of payments, the figures show that on trade account the island has had an average annual active balance of about 10 million dollars during the last fifteen years, if we omit four years in which a passive balance occurred. In those four years, the passive balance is to be explained by special circumstances—a hurricane in one year, depression relief in another, and defense expenditures in the last two. The normally active trade balance, however, does not mean that Puerto Rico enjoys a credit balance on its entire current account with the United States. While there are no adequate or regular figures available on service items, a creditable investigation by the Brookings Institution for the single year 1927-28 showed a service deficit of 21.4 million dollars. Half of this deficit was in the form of interest payments, dividends and rents (11 million dollars). The other half was in the form of freight, insurance, and other charges. Oddly enough, despite the island's pretensions as a tourist haven, funds received from this source were slightly less than the amount required by Puerto Rico to sustain its inhabitants on the mainland. When these service items are taken into account, they wipe out the active trade balance and leave the island with an average net deficit of approximately 10 million dollars on income account.

It is not possible to say exactly how far the 1927-28 service figures may be considered typical. The earnings of the three largest sugar companies, dominating 40 per cent of sugar production, were high that year. Dividend payments apparently were somewhat larger than usual. Not all of the earnings of these companies leave the island, but those retained in the companies seem not to be a significant factor, although in that particular year net investment increased 1.9 million dollars. In general, however, it would appear that since freight, insurance, and other service charges must have mounted to some 10 million dollars with the regularly sustained or increasing volume of trade, and since dividend and interest payments have apparently continued in the same range as those of 1927-28, Puerto Rico requires an active trade balance of 20 million

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dollars or more a year, in order to balance its international income accounts. Such a trade credit the island clearly has had only in exceptional years, in 1915-17, in 1919-20, and during three years of the early thirties. During the latter years the net export surplus above 20 million dollars resulted from the sharp drop in Puerto Rico's imports rather than an increase in the value of her exports.

In lieu of any significant flow of private capital from the United States into Puerto Rico in recent years, the insular deficit in income account has been "paid" by federal contributions. A conservative estimate of such contributions places them at 15 to 25 million dollars a year. They have a further significance in connection with the apparent increases in the volume of Puerto Rico's foreign trade, which rose from a total turnover of approximately 50 million dollars, during the first decade of the twentieth century, to anywhere between 150 million to 200 million dollars during the 1920's and 1930's. These increases cannot in themselves be construed as a gage of insular prosperity. In fact, to some extent they may indicate the opposite: the worse the island's condition, the greater our federal contributions, and consequently the greater appears to be the volume of trade.

To summarize the quantitative aspects of Puerto Rico's trade, we may conclude (1) that the island operates under a chronic deficit on income account, despite a persistently active trade balance, and (2) that the increases in aggregate trade are to be construed in the light of very sizable federal contributions to the island.

As for the nature, in contrast to the volume, of Puerto Rico's trade, the exports consist almost entirely of a few agricultural products, and the imports are either food products for human consumption or machinery. Sugar has regularly dominated exports. Although accounting for a somewhat smaller share during the twenties, it averaged a little more than 60 per cent of total exports during the period 1920-40. Tobacco, fruit and coffee—the other traditional Puerto Rican exports—have persistently diminished in importance. This is most strikingly illustrated in the case of tobacco, which fell from 19 per cent

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of total exports in 1919-20 to only 7 per cent in 1939-40. Coffee, which formerly accounted for about 5 per cent of the aggregate, now amounts to a mere .5 per cent. The drastic hurricanes of 1928 and 1932 were largely responsible for the diminution of these items. Needlework and rum, the only industrial items of importance, have risen rapidly, from 3 per cent of total exports to 17 per cent in the case of needlework, and from a negligible amount before 1935 to 6 per cent in the case of rum. The growth of needlework exports is not to be viewed, however, as a triumph of industrial development, inasmuch as it was sustained only by virtue of an unbelievably low level of living for its workers. Its future is problematical, as will be seen later. In any case, the figures exaggerate the importance of the industry, since 75 per cent of the total reported under this heading represents the re-exports of textiles brought into Puerto Rico to be elaborated by the island's skilled embroiderers. As for rum, the picture is much brighter. The growth registered by this industry appears to be a bona fide development of the island's rather limited industrial potentialities. But even in the case of rum production, it must be borne in mind that it is the prevalence of low wage levels and the freedom from United States tariffs enjoyed by Puerto Rican sugar that have made possible production not economically justifiable in other circumstances.

An examination of the nature of Puerto Rico's imports indicates the high degree of dependence on outside products. Food and clothing currently constitute 45 per cent of total imports, but machinery has doubled in volume, rising from 5 per cent of total imports in 1920-21 to 10 per cent in 1940-41, despite a striking decline during the depression. The relative importance of food and clothing has registered a slight but persistent decrease, and this, coupled with the rise in machinery imports, may justify the contention that Puerto Rico has grown somewhat less dependent on the United States for its basic consumption goods. The absolute volume of imported foods and clothes, however, has remained rather stable, and since imports in recent months include construction materials to be used in the development of insular defenses, the percentage

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figures tend to overstate the growth and relative importance of non-consumption items.

Nor is it possible to tell as yet how far the imports of machinery will be useful in developing insular sources for goods now imported from the continent, although the fact that electrical and industrial machinery predominates over agricultural may be regarded as favorable. Therefore, any conclusion that Puerto Rico is growing more independent must be asserted with great caution.

In summary, then, Puerto Rico's trade figures seem to demonstrate sharply:

1. The high degree of dependence on exports of sugar and its products;
2. The high degree of dependence on outside sources for basic consumption goods;
3. The highly colonial nature of the area, in the old-style pattern of raw-material exports in exchange for finished-goods imports.

Moreover, all of these trends have sharpened since the United States acquired the island.

Economic Conditions

The setting of Puerto Rico's general economic problem can be described in a few words: production painfully behind the minimum needs of a dense and rapidly expanding population. The population, which is largely a mixture of Spanish, African Negro, and aboriginal Indian, has a crude birth rate of 39.8 per thousand, in sharp contrast to that of the United States, 17.6 per thousand. The death rate of 17.8 per thousand registered in 1939, though high in comparison with 10.6 on the mainland, still leaves a net rate of increase of 22.2 per thousand compared with 7 per thousand in the United States.

The contributions of the United States have paradoxically made Puerto Rico's population problem worse, for health measures have been more effective in reducing the death rate (25 for 1901-10, 24.1 for 1911-20, 21.7 for 1921-30, and 20.1 for 1931-40) than corresponding measures have been in reduc-

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ing the birth rate. Throughout the thirties the rate of natural increase has remained at 2 per cent. The island has legalized birth control, and the program is said to enjoy considerable unofficial support from prominent dignitaries of the socially important Catholic Church, but the problem of educating ignorant rural families in the use of contraceptives has so far proved insurmountable.

Obviously a lasting amelioration of Puerto Rican living conditions can be attained only by increasing production more rapidly than population. This objective might be approached through either the stimulation of production or the discouragement of births, or both. But under existing demoralized conditions, either approach is tremendously difficult. Per capita wealth is estimated at $200, as compared with $736 in Mississippi, one of our less prosperous states. The size of the average Puerto Rican family has been estimated at from 7 to 11, as compared with 4 in the continental United States; and 70 per cent of the families are rural, with the typical family living in a small shack without sanitary facilities or privacy. Unemployment regularly runs around 300,000, leaving at least a third of the population without income. In such conditions the high incidence of disease is not surprising. In 1919, studies of various areas indicated that between 25 and 70 per cent of the population habitually suffered from malaria. In 1925 hookworm was discovered to be an affliction of 50-90 per cent of the people. The incidence of tuberculosis is three to five times what it is in New York City, where it is regarded as a serious public health problem. Careful samplings of dietary conditions indicate a universal problem of malnutrition, with diets of rural families characterized by insufficient, irregular, and improperly balanced consumption. No doubt poverty and disease work in malevolent partnership and should be attacked simultaneously, but clearly there is no hope of solving the health problem until a marked improvement in the prevalent level of living is possible. This improvement is in turn a problem of the most truculent sort, even could a general will to solve it be assumed. As in the case of some of

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our southern communities, the low level of living also means low wage requirements, and is advertised as such in order to invite investment. So, unfortunately, persons who wield perhaps the greatest influence in insular affairs have acquired a vested interest in Puerto Rican poverty, and view its solution as an economic disaster to the island.

Several characteristics of the Puerto Rican economy make the solution of the social problem especially difficult. The first of these is the concentration of landholdings, which is simply the other aspect of the chronic landlessness of the majority of the people. About a third of the land is in cane farms, 60 per cent of which are in the form of farms of a thousand acres or more. Sugar companies (*Centrales*) own or lease half of the sugar land. Although 70 per cent of the island's farms are 20 acres or less, only 14 per cent of the land is accounted for by this class. Furthermore, the trend has been steadily toward greater concentration of holdings.[1]

A second feature is the seasonality of employment. Payroll figures for sixteen large sugar companies show a drop of 62 per cent from peak to slack. This great drop is mostly explained by the nature of the sugar industry, which employs a large number of people in the field during the cutting season, but very few at other times. Because of the development of labor-saving devices in the field for slack-season operations, this drop has become greater in recent years. Even at the peak, employment in sugar reaches only 125,000. Manufacturing establishments (non-sugar) account for 27,000 more. With a population of two million, Puerto Rico's chronic unemployment problem is apparent.

A third feature is the island's vulnerability to hurricanes. About once every generation tropical storms devastate the island. In recent years there have been two, in 1928 and in 1932. Since the storms have proved particularly disastrous for coffee and fruit production—typical small-man crops—and relatively light for sugar, they have tended to intensify the island's dependence on sugar and to embarrass the rehabilitation of farming via small-farm projects.

[1] See p. 494 for a discussion of the law limiting maximum landholdings.

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In addition to these general characteristics, there are special conditions in almost all of the island's basic industries which increase the somberness of Puerto Rico's economic outlook.

Sugar

The sugar industry employs most of the land and most of the people. It accounts for about half of all the earnings on investments in Puerto Rico. Its debt showing (mortgage burden) is better than that of other crops.[2] The value of sugar products is twice that of all other products included in the census of manufactures. By almost any standard of measurement, it is the dominant factor in the island's economy. Its production has increased almost uninterruptedly from 103,200 tons in 1900-1901 to 1,018,800 tons in 1939-40, or by 1,000 per cent. Exportation has followed a generally similar course; 80 to 90 per cent of the crop is usually sent out of the country. Severe fluctuations in its price have, however, largely cancelled the gains that expanded production should have brought. During World War I and the inflation that followed, the price per ton rose from 93 to 236 dollars, raising the value of sugar exports from 27.3 million dollars to 98.9 millions. This was followed by a precipitous price decline which reached 60 dollars per ton in 1930-31; the recovery and rearmament periods that followed have not produced any significant improvement.

Its effects on Puerto Rico's economy have been most disturbing. The island's increasing dependence on this crop has subjected insular income to the serious fluctuations of sugar prices and the equally serious weather-caused variations in sugar production. It has intensified the landlessness of the population and monopolized the agricultural credit market. Moreover, it has increased the dependence of Puerto Rico on the United States, which, in view of the island's high produc-

[2] The average mortgage debt, expressed as a percentage of the estimated value of mortgaged land in 1935, was: for mortgaged coffee land, 107 per cent; tobacco, 98; small produce, 89; fruit, 79; cane, 68. Interest ran from 7½ per cent to 9 per cent.

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tion costs [3] and consequent need for preference in the continental market, is a serious element of insecurity.

Some mention should be made of the important political controversy now centering on sugar production because of recent efforts to force the breaking up of large sugar holdings. Under an old and unenforced Puerto Rican law, it is illegal for any company to hold more than five hundred acres of land. In 1930, the last year for which figures are available, there were 367 farms of over 500 acres controlling a third of the total acreage. The three largest United States companies alone own 73,000 acres and lease 52,000 more. It is possible that any effort to enforce the law would be highly disrupting to sugar production. The large landholders claim that the law is basically uneconomic, since sugar production on large farms is more efficient. Figures like the following are cited in support:

Size of farm (acres)	*Yield per acre* (tons)	*Size of farm* (acres)	*Yield per acre* (tons)
1–2	2.4	101–200	3.5
3–10	2.8	201–500	3.9
11–25	2.9	500	4.4
26–100	3.4		

This record, however, must be construed in the light of the fact that the larger holders are conceded to have the best land and work a smaller portion of the land they hold.

With so large a part of the population landless, the big sugar holdings have consistently been a source of controversy, but no serious effort was made to enforce the 500-acre law until the present majority leader, Muñoz Marin, made it a campaign issue. The Land Authority Act of April 1941 appropriated $2,000,000 for land redistribution, adding that "the Legislature through the instrumentality of this act states that land in Puerto Rico is to be considered as a source of life, dignity and economic freedom for the men and women who till it." Supposedly it is to be enforced now, but practical enforcement depends on the availability of funds to finance

[3] In 1935, production costs in the main sugar producing areas were, cents per pound: Cuba, 1.33; Philippines, 1.97; Hawaii, 2.54; Puerto Rico, 2.54; Louisiana, 3.77.

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the redistribution, and it is not certain that anything like sufficient funds will be forthcoming.

Coffee

Under the Spanish régime, coffee was Puerto Rico's leading industry. Since then its exports have declined seriously in volume from a peak of about 60 million pounds in the late 1890's, and a second high of 45 million pounds in 1909-10, to an average of only 2.5 million pounds in the thirties. The value of coffee exports also shows an almost steady dwindling from 9 million dollars in 1919-20 to an average of only .4 million in the thirties. The present condition of the industry is traceable to (1) the tendency of capitalists to seek investments in sugar, (2) the disastrous hurricanes of 1928 and 1932 which destroyed most of the bushes together with the shade trees which are necessary to coffee growth and which require years for replacement, (3) coffee growers' lack of credit resources, and (4) the loss of the European market which absorbed the high-priced Puerto Rican coffee. The failure of the coffee industry would be especially regretted because the disappearance of this small-farm crop would entail oppressive sociological consequences. Its rehabilitation depends on provisions for cheap hurricane insurance, cheap fertilizers, reforestation, development of new seed beds, and homes for coffee laborers.

Tobacco

The production of tobacco, at one time Puerto Rico's second industry, is now probably a lost cause. Production since 1921 has varied all the way from 50 million pounds (1927 peak) to 6 million pounds (1932 low), due partly to the hurricanes, but more significantly to the almost complete collapse of the market for Puerto Rican cigars. Present indications suggest that the increasing preference for cigarettes may soon make Puerto Rico a net importer of tobacco:

Year	*Tobacco Exports*	*Tobacco Imports*
1920–21	$21.7 million	$3.4 million
1925–26	21.2 "	2.2 "
1930–31	17.2 "	4.2 "
1935–36	10.4 "	3.7 "
1939–40	6.0 "	4.3 "

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Fruit

Statistically the relatively new fruit industry makes a bad showing. From three million dollars in 1920-21, the proceeds of fruit exports fell to 1.5 millions in 1939-40. A series of misfortunes, however, has beset the industry almost from the first. Lack of credit, lack of marketing knowledge, high freight rates, and lack of refrigerated ships kept production stagnant until the twenties. By 1927, favorable crop and market conditions, especially for grapefruit, pointed to a brighter future, but the almost total destruction caused by the hurricanes in 1928 and 1932 left the fruit farms barren of product and heavily burdened with debt. Better weather plus federal credit assistance may still redeem grapefruit and pineapple production. The development of island canneries for juice has recently made it possible to reduce waste and marketing costs.

Needlework

While there is no question about the greatly increased significance of the needlework industry in the Puerto Rican economy, the figures on the value of product overstate the case. In the following statistics for 1939 it will be noted that about two thirds of the value of product is accounted for by the value of the materials imported for working:

NEEDLEWORK INDUSTRIES PRODUCING MORE THAN $2,000 PER ANNUM (1939)

Number	136	
Employees	6,846	
Salaries		$ 357,237
Wages		1,575,814
Cost of materials		13,323,273
Value of products		20,778,267
Value added by manufacture		7,454,994

The industry is notoriously on a sweatshop basis, however, so that the homeworkers, who number some 33,000, are largely left out of account in the above figures. Typical wages for homework run from 15 to 25 cents a day; for factory work, 70 cents. The Wages and Hours Act, in its application to Puerto Rico, will no doubt result in a serious decrease in the industry's output. Naturally the Act has been strongly, and

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to some extent successfully, resisted on the grounds that its effect is to "protect" sweated workers by abolishing their jobs. The alternative to their low pay is not better pay, it is claimed, but no work. While low pay possesses certain off-hand advantages over none at all, the sweated needlework trade cannot be regarded as an adequate answer to Puerto Rico's unemployment. Just as the sugar industry in its present uneconomic extension represents a wasteful use of land, so the needlework industry is a wasteful use of labor. How much of the industry can remain under legislative prescription of a more tolerable wage has yet to be seen. So far the effect of the legislation has been to abolish homework and increase factory work.

Manufacturing

Prospects for the island's growing manufactures are less discouraging than those of the basic industries described above. A 1939 census of manufacturing industries (all industries producing more than two thousand dollars annually) puts the contribution of manufacturing at 35.2 million dollars, and the gross value of products at 111.5 millions. Of these amounts at least 80 per cent represents products destined for export.

A brief glance at a list of Puerto Rican manufactures shows considerable variety, from sugar to perfumes, from candy to furniture. But on closer examination it appears that sugar, tobacco, needlework and liquor account for four fifths of the total value of manufactured products and for three fourths of all wage-earners; other industries are relatively minor.

Although the value of manufactured products has expanded significantly from 36.7 million dollars in 1909 to 111.5 million dollars in 1939, there has been increasing concentration as shown by the *decrease* in the number of establishments from 939 to 798 in the same period.

There are two general conclusions to be drawn in qualification of the apparently rapid progress of manufacturing: (1) Manufacturing, other than that associated with industries (sugar, tobacco and needlework) the economic justification and future of which are open to question, is of slight importance,

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amounting to a productive achievement of only five dollars per capita a year; and (2) an undeterminable but extremely small portion of the manufacturing is directed to the insular market. These conclusions confirm the impression gained in the examination of foreign trade statistics that Puerto Rico depends on imported articles for its own consumption, and on uneconomically produced exports for its purchasing power. Domestic manufacturing, growing though it is, has not as yet made necessary any substantial qualification of this impression.

Banking

Our interest in Puerto Rican banking does not turn on technical banking problems, such as the admission of Puerto Rican banks to the Federal Reserve System. Except for a brief recapitulation of the island's facilities as of the present, we shall not attempt an institutional description. The problem here is not the fitness of local banks for Federal Reserve membership, or the adequacy of its banking resources for the financing of its export crops, but rather the suitability of its credit institutions for the promotion of economic developments vital to the improvement of the Puerto Rican level of living. From this point of view the soundness of existing and long-established credit operations is of less interest than the urgency of projects which have not been undertaken.

Puerto Rico has no banking *system*. There is no central bank or bank of issue. The island's money is the dollar, as in all other parts of the United States. There is no agency for credit control other than the Treasurer, who is in charge of bank inspection and the administration of banking laws. There is no " monetary authority " which makes any effort to appraise the island's economic needs and release its monetary resources to facilitate their fulfilment. Instead of a banking system, it may be said that Puerto Rico has twelve actively functioning banks with nineteen branches, operating largely as foreign banks' way stations to serve the sugar industry.

The main characteristic of Puerto Rican banking is its domination by the National City Bank of New York in particular and the four foreign (United States and Canadian) banks

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in general. Of the island's 90 million dollars in banking assets, the four foreign banks own 61.5 millions. Of the 79 million dollars in deposits, the foreign banks' accounts are 56 millions. The National City Bank alone accounts for 40 millions of the assets and 39 millions of the deposits. Next to this bank, the local *Banco Popular de Puerto Rico* comes with 14 million dollars in assets and 11 million dollars in deposits.

The second outstanding characteristic of insular banking is its preoccupation with sugar loans. Such loans account for two thirds of the foreign banks' commitments, and half of the local banks'.

The third feature, closely related to the first, is that the local foreign banks serve more or less in the capacity of reserve banks for the other local institutions and, in turn, the offices in the United States serve as reserve banks for their Puerto Rican branches. It is true that the insular banking law of 1933 requires banks to keep a 20 per cent "legal reserve" against demand deposits, and of this 20 per cent, not more than 10 per cent (half) may be in the form of deposits with other banks, with 3⅓ per cent in float, and 6⅔ per cent in lawful United States money. The other 80 per cent of demand deposits must be in paper maturing within 180 days. But these requirements provide neither genuine liquidity nor flexibility, both of which obviously depend upon the availability of support from the home offices of the large foreign banks. The general situation is very clearly one in which a few large foreign banks provide credit on the basis of their established commercial standards of good practice, which they are naturally prepared to back up with the huge resources of their home offices.

There seems to be little question that the existing banks are adequate for the island's commercial needs, if by commercial needs we confine ourselves to the credit requirements of traditional business. In all of the discussions between 1933 and 1936 in the course of passing on the desirability of extending Federal Reserve membership, there was no suggestion that Puerto Rico had to have Federal Reserve status to provide for

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what were then recognized to be the regular commercial needs. The local banks apparently desired membership either for the prestige which it would carry or for the F.D.I.C. facilities which it would make available. The decision against extending membership seems to have turned mainly on the feeling among Federal Reserve officials that it would not be desirable to distinguish between the one or two banks which could technically meet the qualifications and the others that clearly could not. There was also some doubt as to whether the sugar paper could be considered eligible for rediscount.

Thus, the appraisal of Puerto Rican institutions at the time of the above deliberations was not concerned with their basic suitability for the realization of the island's fundamental—indeed desperate—economic needs. Federal Reserve membership would not, perhaps, have answered these needs, nor did the withholding of membership particularly embarrass other answers to the need. But it may be that through this refusal an opportunity was lost for giving an insular orientation to the island's general credit facilities, and the formulation of monetary policy was left once more to other executive departments of the United States government.

Ultimately it is not possible to divorce the adequacy of an economy's financial facilities from the basic economic development within which such facilities must function. Thus it may be suggested that the main shortcoming of Puerto Rican banking is to be found not in the technical unsteadiness of specific banks but in their institutional incapacity to assume responsibility for the general development of the economy. It is in this sense that one may say that Puerto Rico has banks but no banking system.

Unquestionably, the presence of strong foreign banks in Puerto Rico gives to the island a degree of banking security which local institutions could not by themselves provide, but this advantage seems more than offset by other factors arising from the dominance of foreign institutions. These factors may be summarized as follows:

1. The unfavorable competitive position of local banks. In the opinion of the larger banks on the island, the local banks

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are ill-suited for sugar finance in view of the amount of their assets which such credit ties up at one time, as well as the rather large risks attendant upon production in a hurricane belt. Bad storms or an unfavorable market could, the argument of the large banks runs, ruin small banks which unadvisedly engage in such finance. Whether or not local banks are actually suited to such finance, it is true that this most profitable field of Puerto Rican credit is dominated by the large banks. The largest and most profitable sugar enterprises go to them for financing, due partly to the coincidence that many of these enterprises are also foreign. The local banks must content themselves for the most part with less extensive enterprises, which are also the riskiest of the sugar borrowers.

2. The relative unavailability of non-sugar credits. The foreign banks do not—and perhaps could not be expected to—provide credit for long-term reconstruction or development projects for the correction of Puerto Rican economic maladjustments. The local banks are even less in a position to assume such responsibility.

As might be expected, the gap has been filled by loans, made by a number of federal agencies, including, among others, the Emergency Crop Loan Office, the Federal Housing Administration, the Puerto Rico Hurricane Relief Loan Section, and the Puerto Rico Production Credit Association. Aid other than through loans has been given by the more important New Deal agencies, including the Agricultural Adjustment Administration, the Works Projects Administration, and the Puerto Rican Reconstruction Administration. No figure is available for the total amount of federal funds which has been poured into Puerto Rico, but the sum is considerable, averaging probably some two million dollars per month since 1933. Since 1939, defense expenditures of at least forty million dollars a year have overshadowed all other federal funds in Puerto Rico.

* * * * *

There is no simple program to answer Puerto Rico's sweeping economic problem, nor any simple financial or banking

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formula to expedite such a program. The island's production is far from the minimum living requirements of its population. The intensification of trade with the United States has not significantly improved the situation. In many respects trade has in fact made it worse, since sugar has become abnormally developed and absentee controlled, while other hopeful Puerto Rican industries have been starved out of existence. Meanwhile, the continuing and progressive poverty of most of the Puerto Ricans has tended toward their political disenfranchisement and ineffectuality.

Yet for all of the island's poverty, there is every reason to believe that its resources, if properly developed, would easily be adequate to sustain a decent level of living. It should be recognized, however, that any program of amelioration is likely to involve a reduction of Puerto Rico's trade with the United States and a reduction of private American influence. Land now devoted to sugar might more effectively be devoted to other crops, probably for local consumption. The Coastwise Shipping Acts, hated like England's Navigation Acts, should be altered so as to free Puerto Rico from absurdly high shipping rates. New projects, such as cement, paper, soap, glass, dairy products, leather, lumber, food preserving, fruit and vanilla production, fishing, pig raising, flowers, spices, perfumes and textiles, can be developed. Undoubtedly federal assistance in such a program will be necessary, but this occasion might wisely be taken to encourage the development of local financial institutions to participate in the loans and assume an increasing responsibility for their success.

At the moment Puerto Rico is enjoying a temporary relief from hard times. The decision of the United States to develop a naval base comparable in size with Singapore has created an industry larger even than sugar. For the first time thousands of Puerto Rican laborers are learning the purchasing power, fantastic to them, of thirty-five cents an hour. Local processing and entertainment industries have received a new impetus to development. In addition, the war has carried the Puerto Rican sugar market to high levels. However, the change is

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temporary, and the current optimism of San Juan business men probably ill reflects the superficiality of the change for the majority of Puerto Ricans. Of able-bodied males, 175,000 are still unemployed. After the war the problem of Puerto Rican poverty is likely to return. At that time any further forestalling of Puerto Rico's development will provoke again the temporarily silent cries for independence. Since President Roosevelt has openly sponsored Muñoz Marin's "new deal" program [4] for Puerto Rico, and in a coöperative gesture has appointed Muñoz' friend, Rexford Guy Tugwell, as governor,[5] there is some reason to expect that the United States no longer intends merely to let the island fester.

JUDD POLK *

[4] Platform: rural electrification, encouragement of new industry, social security, collective bargaining, anti-usury legislation, minimum wages, enforcement of the 500-acre law, tax exemption of farmers holding less than $100 in land, revision of Puerto Rico's regressive tax system, establishment of a squatter's right to ¼ acre for house and garden, etc.

[5] This was written before recent proposals for the nomination of a native Puerto Rican as governor.

* This manuscript was edited by Irene B. Opton and Peter L. Bernstein after Mr. Polk had entered the Army Air Corps.

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ECONOMIC DEMOBILIZATION IN THE UNITED STATES AFTER THE FIRST WORLD WAR

GROSVENOR B. CLARKSON, who was director of the Council of National Defense during the first World War, wrote: "When the end of the war came, it did not find American industry enmeshed in war-time laws which it would take years to shake off. On the contrary, about all it had to do was to relax its own rules and change its objectives from those of war to those of peace. In the writer's opinion, the change was made too abruptly, but that is another story." [1]

Wesley C. Mitchell, in a paper delivered in December 1919, said:

> Just when we were getting really organized for war we were confronted with the shattering prospect of peace. That meant the cancellation of war orders, the discharge of thousands of war workers, and the return of about four million soldiers and sailors to civil life. It also meant the rapid decline of the public morale which had made possible a national policy of economic organization. We had no one to present vividly to the nation the need of such a policy for peace. The War Boards melted away and we relapsed into "business as usual." [2]

He also recalled the vigorous propaganda to stimulate building of the Division of Public Works and Construction Development, which was based on Irving Fisher's theories and the expectation of a permanently higher level of prices; the warning notes of the Federal Reserve Board which recommended the restoration in industry of "a normal level of values"; President Wilson's approval of plans for readjusting prices; and the

[1] *Industrial America in the World War* (Boston and New York, 1923), p. 74. For a discussion of economic demobilization in Great Britain, see A. T. Lauterbach "Economic Demobilization in Great Britain after the First World War", in POLITICAL SCIENCE QUARTERLY, September 1942, pp. 376-393.

[2] Wesley C. Mitchell, "Prices and Reconstruction", *American Economic Review*, Papers and Proceedings, March 1920, p. 143.

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resignation of the Railroad Administration over the extent of reduction in steel prices. "That episode ended the effort at direct constructive action by the government and left the business public to solve the problem as it might."

Charles O. Hardy, who was also active in the economic war organization of the United States during the war, speaks of "the surprising smoothness of the restoration of prewar business relations," and explains the very rapid demobilization of special wartime controls after the Armistice by the "unexpected" prosperity of 1919-20. In his opinion, demobilization was facilitated by the fact that nearly all special governmental controls were in temporary wartime agencies, staffed by business men who were anxious to get away as soon as possible.[3]

The astonishing thing about this smooth transition was that it had not been expected by the few economists who had in wartime given any thought at all to the aftermath of the war. A leading group of such thinkers [4] forecast that the accommodation of industrial life to the demands of peace would require large-scale readjustments. The return of the army from France, the absorption into industry of four or five million men, the capital requirements for the conversion to new uses of war plants that supplied the government with goods of an aggregate annual value of more than ten billion dollars appeared to be very grave problems. "If as a nation", they wrote, "we stumble upon peace unawares, there are grave perils for us, entailing a toll of costs to be paid for generations to come. If, on the contrary, by taking thought for the morrow, the crisis is met fearlessly and intelligently, serious trouble can be avoided." They believed that it was hardly reasonable to think of abandoning a unified railroad system and returning to a loose aggregate of individual lines, or giving up the organization of the labor market, or scrapping the wealth tied up in wartime additions to shipping. They felt that the problem of

[3] "Adjustments and Maladjustments in the United States after the First World War", *American Economic Review*, Papers and Proceedings, March 1942, pp. 24 *et seq.*

[4] *Readings in the Economics of War*, edited by J. M. Clark, W. H. Hamilton and H. G. Moulton (Chicago, 1918), pp. 617 *et seq.*, 634 *et seq.*

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restoring a peace economy was much more difficult than that of preparation for war, as it was bound up with a clash between the immediate interests of the several competing groups which made up the nation. In a confidential report to the United States government, reprinted in the same volume, it was suggested that a careful plan be drawn up for gradual demobilization of men in the army. It was also recommended that the uses to which men and materials could be devoted during the transition period be studied, and that government credit be extended to plants for the purpose of smooth conversion to peacetime production.

When the Armistice came, however, the psychological situation was different. Herbert Hoover wrote: "We were undergoing unprecedented taxation. We were faced with unemployment and all the problems of demobilization of a country regimented to war. Our people clamored to have it over and to get out of Europe and stop the expense." [5] Indeed, the wish to forget the war as if it had been a mere nightmare was so strong it discouraged not only any further international "entanglement" but any continuation of the war-born government intervention in domestic economics as well.

In fact, the demobilization of men in the army was almost completed by the end of 1919, but the demobilization and readjustment of industry took much more time.[6] The government saw its main tasks in disbanding the armed forces, cancelling the war contracts, and administering the surplus supplies or disposing of them. Two thousand placement bureaus for returning soldiers and sailors were established, but the annual appropriation for the United States Employment Service was curtailed in 1919 so drastically that the entire field organization had to be either turned over to states or municipalities or abandoned completely. The reëmployment of former soldiers was considered as being primarily a task of private industry. It

[5] *America's First Crusade* (New York, 1942), p. 26.

[6] Much of the following discussion is based on the admirable presentation by J. M. Clark in chapter iv of his book, *The Costs of the World War to the American People* (New Haven and London, 1931).

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actually took place on a large scale during the boom of 1919-20, but the subsequent depression of 1921 aroused a discussion as to the justification of this policy.

Moreover, the demobilization of the armed forces was not guided, as in England, by the endeavor to release first those who were first needed by private industry, and who therefore had the best prospects of immediate employment, but proceeded by whole military units. Over 600,000 soldiers in the United States were discharged soon after the Armistice; within eight months, the total reached nearly three millions, and in one year after the Armistice, demobilization of man power was almost completed. The United States Employment Service did not retain much responsibility for it after October 1919.

However, the subsequent shrinkage of employment from the third quarter of 1920 to the first quarter of 1922 was estimated by the National Bureau of Economic Research as five million workers, a development on which J. M. Clark comments as follows: "In other words, the majority of the ex-service men found employment in the post-war boom, after which a still larger number were thrown out of work in the subsequent depression." Other features of these cyclical movements will be discussed later.

The cancellation of war contracts will likewise be discussed somewhat later. As for the disposal of surplus materials, a total of supplies costing $2,250,000,000 was reported by the War Department as sold, transferred or withdrawn by June 30, 1922, with only an insignificant amount remaining on hand. Considerable quantities of war materials, however, were held for future use and some of them have indeed been utilized during the second World War.

Generally speaking, Congress in 1919 and 1920 was more interested in provisions for a future war emergency than in coördinated demobilization of the economic and military mechanism of the first World War. The revision in 1920 of the National Defense Act of 1916, for instance, was concerned with future supply of trained man power for the armed forces

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and with adequate procurement in wartime, rather than with the reconstruction of efficient peacetime institutions.[7]

The same economic philosophy dominated the policy of the federal government, which

> promptly abolished most of the wartime controls, regulations, and organizations; refrained from measures involving questions of social and economic structure at home; and successfully kept out of entanglements abroad, thereby creating the atmosphere congenial to private business and reducing the importance to the American citizen of the struggles, sufferings, and upheavals in other parts of the world to the order of importance of a football match.[8]

Bernard M. Baruch, chairman of the War Industries Board, stated in his letter to the President, dated December 24, 1919, that during the brief period between the signing of the Armistice and the discontinuance of the Board, "the problem was faced of reversing the Board's machinery in order to demobilize industry from war service and assist it back to its normal channels. The German collapse had been spectacular in its suddenness. The Board did all that was possible to prevent any injury to industry as it was put back on a peace basis."[9] In particular, it determined as a general policy that price agreements should continue for the period originally fixed; it aided, for a while, in the cancellation of war contracts, acted as clearing house for economic information, and maintained contact with the Labor Department regarding the release of labor from war work. However, Baruch found it necessary to add:

> If the proper authority had been at hand, it would have been possible for the War Industries Board to have continued its functions during the period of readjustment. Much good could

[7] See Bernard M. Baruch, *American Industry in the War* (New York, 1941), p. 373. Also Edward Brooke Lee, "Politics of Our Military National Defense", United States Senate, 76th Congress, 3rd Session, *Document No. 274*, pp. 71 *et seq.*

[8] Joseph A. Schumpeter, *Business Cycles* (New York and London, 1939), vol. II, p. 710.

[9] Baruch, *op. cit.*, pp. 6 *et seq.*

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> have been accomplished. But with the signing of the armistice, the purchases by the Allies and our own great departments coming to an end, the power of the Board, without further additional legislative authority, ceased and it was possible to do only what was done—to wind up its work as quickly as possible.

As will be shown later, the far greater extent today of wartime preparations for post-war requirements is one of the main differences between the situation after 1918 and that which will presumably face the United States after this war.

The War Industries Board simply "refused to believe that there was any problem of decontrol. . . . To close its doors it had little to do but to complete its records. Within a week the commodity sections had dissolved, and quiet reigned in the rooms that had so long been the motor centers of the industry of a continent." Its officials "shut their Government desks and trickled back one by one to the old desks in the offices of everyday business and industry. . . . The magnificent war formation of American industry was dissipated in a day; the mobilization that had taken many months was succeeded by an instantaneous demobilization." [9a]

The program of requirements and the study of resources by the Board were discontinued immediately upon the Armistice, but the Section on Price Statistics, headed by Wesley C. Mitchell, was temporarily expanded, and published in 1919 a series of bulletins on the history of prices during the war. Similarly, the Commodity Statistics Section prepared a report for the peace conference. These activities, however, were of the nature of economic research rather than of direct participation in the shaping of economic policy.

All rules, regulations and directions in the field of priorities were revoked by the Priorities Division of the Board as of January 1, 1919. Likewise, the activities of the Conservation Division soon came to a stop. Extensive studies in costs of production were under way when the Armistice cut off the price-fixing activities of the government. The war was over before a satisfactory scheme for wage-fixing was put into prac-

[9a] Clarkson, *op. cit.*, pp. 476 *et seq.*, 486 *et seq.*

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tice.[10] The Foreign Mission of the Board made a survey of the devastated regions immediately after the signing of the Armistice, but this again was primarily a research investigation.

Mr. Baruch, writing in 1921, stated that the government should not undertake in peacetime any such far-reaching control over industry as was practiced during the war by the War Industries Board, but emphasized at the same time that the organization of industry in groups was likely to leave important traces, and that the experiences of war economics should be capitalized. Similarly, Mr. Clarkson pointed out that the investigations and production surveys of the Board were "a hint to thoughtful business men that some such orderly counterpoising might be possible in peace," and that the Board "was the pioneer revealer of the immense wastes of production as generally conducted." Such considerations, however, on the whole remained in the sphere of theory, and no systematic effort was made to transform wartime agencies into analogous peacetime institutions, or to utilize the experiences of these agencies for new economic policies in the post-war period.

The great majority of war contracts were subject to outright cancellation, without any effort to transform them into peacetime contracts. Payments for work already done, and sometimes allowances for capital invested, were made. "Unfinished portions of War Department contracts suspended at the time of armistice amounted to $3,834,010,000; and by October 2, 1920, $3,300,853,000 of this had been liquidated at a settlement cost of $437,819,000."[11] Clarkson criticized severely the federal post-war repudiation of contracts which had been entered into in good faith by business men. He regarded such a procedure as unnecessarily cruel and liable to reflect in an ugly way on the honor of a great country; but it is difficult to see what alternative was left to the government, once a purely negative course of economic demobilization had been chosen. Moreover, such a course was the logical implication of the then prevailing concept of war economics as the temporary endow-

[10] Baruch, *op. cit.*, pp. 53, 67, 83, 93.

[11] Clark, *op. cit.*, p. 54. See also Clarkson, *op. cit.*, p. 484.

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ment of leading business men or groups with direct, governmental and executive, powers in the economic field, the underlying assumption being that an immediate restoration of the pre-war set-up of competitive business would follow as soon as the war would be over.

There were, however, a few important fields in which the war contracts were upheld. This was true, in particular, of the shipbuilding program which continued throughout 1919 and 1920. The government retained the ships and plants of the Shipping Board and Emergency Fleet Corporation. By June 30, 1921, these organizations had expended $3,316,100,000 for ships, shipyards, transportation facilities, etc. The tonnage demand for the supply and return of the American forces abroad reached its peak in January 1919, with over 3,500,000 deadweight tons, but the peak of ship deliveries was not attained until September 1919, with 810,386 tons. The Merchant Marine Act of 1920 attempted various forms of indirect assistance to shipping and shipbuilding. The governmental shipbuilding program came to an end in May 1922; the vessels built or acquired by the Shipping Board totaled 14,706,217 tons.[12] The continuation of the shipbuilding program was largely a subsidy to this industry, and was not coördinated with any detailed program of tonnage utilization. It may safely be said today that this lack of coördination contributed substantially to the subsequent depression in the international shipping industry.

The War Trade Board, the Food Administration and, to some extent, the Fuel Administration likewise continued somewhat longer than the War Industries Board, but their activity during this period was directed at winding up wartime business in an orderly manner rather than at active influence upon the transition to a new peace economy. The Council of National Defense turned to economic research on such immediate problems as the high cost of living.

Bernard M. Baruch, in discussing the work of the fifty-seven commodity sections of his Board, emphasized repeatedly that it might have been useful and desirable to continue some of

[12] Clark, *op. cit.*, pp. 55 *et seq.*, 249 *et seq.* See also L. P. Ayres, *The War with Germany* (Washington, 1919), pp. 37 *et seq.*

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their activities into the post-war period, especially with a view to a possible new emergency in the future. For instance, he mentioned that for some months following the Armistice the wool trade was full of misgivings as to how the government would dispose of its immense wartime stocks, and that a plan of disposal suggested by the War Industries Board might have been helpful. He also pointed out that the shoe trade voluntarily retained some of the wartime conservation measures after the Armistice, even though the system of pledges and price-fixing had been rescinded.[13]

How to cope with and distribute evenly the backlog of "non-essential" demand, which had accumulated during the war, was not considered a problem of governmental policy. In fact, the inevitable wartime restrictions upon private consumption had been imposed very cautiously, compared with the scope of present-day methods. President Wilson's wartime committee on the restriction of non-essential industries stated: "Such organizations in most cases are the cumulative result of many years of constructive effort, and it is obvious that with the ending of the war the prohibited industries would be obliged to go through the pioneer process of re-creation. This would, in the opinion of your committee, augment the embarrassment of post-war industrial readjustments." [14]

Some of us might be inclined to define such an attitude as "business as usual", but we must not forget that the first World War was not exactly a total war, and that the war effort of the United States was relatively very brief. Moreover, the need for wartime organization had come as a surprising shock to a generation that was used to trust unconditionally in the healing forces of the market system. Clarkson wrote in 1923: "The World War was a wonderful school, but it gave too many lessons at once. It showed us how so many things may be bettered that we are at a loss where to begin with permanent utilization of what we know." Therefore, such utilization was not begun at all.

[13] Baruch, *op. cit.*, pp. 251, 270.

[14] Quoted by Clarkson, *op. cit.*, p. 185.

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The result of disbanding the wartime controls as quickly as possible seemed, indeed, to justify such a policy. Contrary to widespread belief, the immediate aftermath of the war brought not depression but a short boom. In 1919 and 1920, the United States made heavy sales to Europe, largely on short-term credits. At home, the backlog of construction orders from the period of standstill was big enough to insure a building boom until the autumn of 1920. Building costs rose by twenty-five per cent or more. On the other hand, control of rentals at first survived other forms of war control.

It is beyond the scope of this study to investigate in detail whether the eventual depression in 1921 (not to speak of the 1929 slump) resulted from "normal" cyclical movements or from lack of foresight and action during the period of demobilization.[15] At any rate, the early aftermath of the war was not nearly so disastrous in the United States as in many other countries. Schumpeter asserts definitely that the 1921 crisis was "due" even without war, although it might have been less intense if peace had not been interrupted. From the viewpoint of cyclical movements, he says, the war was an "external factor"; the physical destruction and loss of life were made up quickly, and the former in fact became the source of a reconstruction demand on the markets. According to Schumpeter, economic life, during the period from 1919 to 1929, was on a long-wave "Kondratieff" downgrade, the implication being that even a more active or successful demobilization would not have changed much.[16] He adds that the greater intensity of the post-war depressions in Europe was largely due to the deadlock between capitalism and socialism.

J. M. Clark, on the other hand, claims that "the depression of 1921 was definitely a result of the War. . . . After the release of wartime controls over prices and of restrictions on non-essential production, prices rose even higher than during the

[15] See H. G. Moulton, "The Economic Background", *The Economic World Today*, edited by Felix Morley (Chicago, 1933), pp. 4 *et seq.*; also Schumpeter, *op. cit.*, pp. 744 *et seq.*; Clark, *op. cit.*, p. 58.

[16] Schumpeter, *op. cit.*, pp. 701, 732. See also Hardy, *loc. cit.*, p. 29.

[17] Clark, *op. cit.*, p. 170.

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War, and this helped stimulate a boom which was destined to collapse." [17] According to Clark, prices were too high, continued regulation of rentals put limits on new building, the technical and financial condition of the railroads was not suited to handle a boom volume of traffic, and agriculture was over-expanded.

The well-known study by the Brookings Institution on the post-war recovery problem [18] seems to bear out Professor Clark's analysis. The authors of this study emphasize that certain phases of the profound maladjustments which have characterized the depression period are rooted in the economic consequences which flowed from the first World War. They point to the three types of economic maladjustment which that war produced. First, it upset the "equilibrium" in international financial and economic relations both in Europe and between that continent and the rest of the world, especially the United States; secondly, it destroyed fiscal and financial stability in many countries; thirdly, it led to territorial realignments which increased the trade barriers and disrupted long-established commercial relationships. The reconstruction effort, the authors add, did not eliminate the basic financial and commercial maladjustments which originated in the war.

Probably there is no strictly objective method to find out definitely whether the war itself or rather the lack of coördinated transition policies was at the root of the depressions of 1921 and 1929, or even of the unprecedented prosperity period in the United States between these depressions. At any rate, two chronic maladjustments survived the period of demobilization and did not entirely disappear even during the period of prosperity. These two evils were widespread unemployment and a depressed condition of agriculture.

As for the unemployment problem, the maximum number in the armed forces, at the period of the Armistice, was about 4.2 millions, including some 2 million soldiers and marines in the expeditionary force. About 9.4 milion men and women were engaged in war work, out of a total of 37 millions gain-

[18] *The Recovery Problem in the United States* (Washington, 1936), pp. 3 *et seq.*

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fully employed in 1918.[19] The war absorbed probably over 20 million person-years, or more than half of one year's normal gainfully employed man power of the country. During the war, the Statistical Division of the War Industries Board made a study of prospective post-war labor conditions, in connection with the Department of Labor, and issued weekly reports on labor conditions which, in Clarkson's opinion,[20] were of value in industrial readjustment following demobilization and the suspension of war industries. This work was later transferred to the War Trade Board and was continued well into 1919. Here again, however, the work involved economic research rather than active influence upon the course of demobilization. Perhaps this limitation contributed to the rising wave of labor conflicts after the Armistice, such as the great steel strike in the fall of 1919. Clarkson, while contending that labor felt too fully its power and slowed down to a mere sixty per cent of its wartime efficiency, states that " the aggressiveness of employers, combined with the pressure of unemployment in 1920-21, resulted for the time in an apparent loss of most of the advantages gained by labor during the war."

In the field of agriculture, the war had stimulated production, and grassland was plowed up at a rapid pace, totaling some forty million acres of new land that had never before been broken. Soon after the Armistice, however, thousands of European peasants returned to their farms and resumed production. American farm products also met increasing competition from Canada, Australia and South America. Trade barriers in Europe and elsewhere grew. In the United States, production per agricultural worker had increased between 1909 and 1919 by some 21 per cent. Land values had reached a peak in 1920 that was 70 per cent above the 1912-14 average, and the average mortgage debt in 1920 was 235 per cent of what it had been in 1910.[21]

[19] Clark, *op. cit.*, pp. 34 *et seq.*; Ayres *op. cit.*, p. 114.

[20] Clarkson, *op. cit.*, p. 205; see also pp. 290 *et seq.*

[21] United States Department of Agriculture, *Achieving a Balanced Agriculture* (Washington, 1940), pp. 3 *et seq.*

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After the war, farm prices tumbled and so did land values. Farmers found it very difficult to pay their mortgages. In 1919, the farm fourth of the population got 21 per cent of the national income of 61 billion dollars. By 1921, however, national income had dropped to 55 billion, and the farmer's share had decreased from 21 to less than 10 per cent of this smaller amount. In the Emergency Tariff Act of 1921, followed by the Tariff Act of 1922, the duties on imports of farm products were substantially raised. Protectionism was the main, if not exclusive, method of economic demobilization in this field. Incidentally, it did not stop the downward trend of agricultural prices. In June 1920 the price of No. 2 winter wheat in Chicago was $2.95 per 60 pounds. In June 1929 it was $1.13. The trend of prices for cotton and other farm products was similar.[22]

Schumpeter defines the short and sharp crisis in agriculture in 1920-21 as a part of the general post-war slump, though accentuated for agriculture through the burden of partly unproductive debt. Only cotton recovered temporarily in 1921. Despite his belief that the trend of business cycles has not been substantially altered by the war, Schumpeter apparently admits that far-reaching dislocations of agriculture have been caused by the war.[23]

Technological changes, such as the development of the automotive industry with its effects upon the horse-raising industry, further contributed to the difficulties of agriculture. According to a study by the Brookings Institution, "these changes, piling cumulatively one upon another, overtaxed the powers of agriculture to effect orderly and adequate readjustment from its over-extended and over-capitalized war position and threw it into a severe depression."[24] Governmental advice to and education of farmers, while valuable, were unable to cope with the problem.

[22] See Lionel Robbins, *The Great Depression* (London, 1934), p. 132.

[23] Schumpeter, *op. cit.*, pp. 733 *et seq.*

[24] L. S. Lyon and V. Abramson, *Government and Economic Life* (Washington, 1940), vol. II, pp. 881 *et seq.*

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It is difficult to evaluate how far changes due to war were at the root of the far-reaching agricultural policies during the early twenties. Many of these protectionist measures might have been introduced even without the increase of production that had resulted from the war, and it would not be easy to discover any definite connection between these measures and the specific requirements of a demobilizing economy. It would probably be more correct to say that the end of the war had generally initiated a critical condition of farming, and that once this condition had arisen (but not before) Congress and government found themselves compelled to attempt a series of protective measures throughout the twenties.

This was true, for instance, of President Harding's National Agricultural Conference in January 1922, which discussed such projects as export loans, government-guaranteed prices, adjustment of transportation rates, reduction in costs of production, and a reduced acreage of crops. Many of these recommendations were carried out during the subsequent two decades. Other measures during the early twenties included the Agricultural Credit Act of 1923, various acts designed to encourage agricultural coöperatives and "model marketing", such as the Capper-Volstead Act of February 1922, and the attempt to offer the farmer facilities for intelligent adjustment of his production to changing conditions. However, few if any of these measures were taken during the immediate period of demobilization or were systematically prepared before the post-war crisis had arisen. They originated in the transition difficulties experienced, and in certain pitfalls of traditional agriculture in general, but were not designed consciously to anticipate and avoid such difficulties and pitfalls.

This limitation of scope was also true to a considerable extent of the financial policy of the United States after the end of the war. Deficit financing continued until August 1919, indeed not nearly as long as in Great Britain and France, not to speak of Germany. In Dr. Hardy's opinion, the form of repayment of the federal debt after August 1919 was such as to have the minimum deflationary effect. "Repayment of federal debt through retirement of long-term bonds put money right back

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into the capital market, because the payments were largely to individuals whose willingness to invest had been increased by the war prosperity." [25] In other words, the financial demobilization policy, in this respect, consisted primarily of refunding borrowed governmental funds in the private capital market, on the assumption that this would result in increased private investment.

War expenditures, of course, continued long after the Armistice. During the fiscal year 1920, expenses for the war exceeded $5 billions, less sales of surplus property and other receipts. In the fiscal year 1921, the expenditures were $3.8 billions, and the continuing costs during the following years were about $1.3 billions a year. However, revenues connected with the war overtook expenses in 1920, reaching their peak in that year at $6,694 millions and showing a small surplus. The war army had been disbanded before the war revenues reached their height, with the result that more was being collected than was disbursed, despite the continuing financial burden of death and disability.[26] On the other hand, the comparatively low level of federal expenditures in the pre-war period ($724.5 millions in 1912-13) was never reached again. From 1922 to 1929 expenditures remained between $3.5 and $4 billions a year, a trifling amount compared with the financial requirements of the second World War.

No return, therefore, to financial "normalcy" in the meaning of pre-war conditions of budget-making took place, but the inflation controls from the wartime period were removed as quickly as possible. Mr. Baruch expressed the opinion that governmental price-fixing is not possible in peace, even though it is possible in war,[27] and this was the prevailing opinion during the period after the Armistice. All inflation controls were released in November 1918.

[25] Hardy, *loc. cit.*, p. 27.

[26] Clark, *op. cit.*, pp. 64 *et seq.*, 99 *et seq.*, 128; also Schumpeter, *op. cit.*, p. 709.

[27] *Taking the Profit Out of War* (1931), reprinted in *American Industry in the War*, pp. 381, 432.

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However, credit expansion continued through 1919, with rising prices and increasing speculation. The embargo on gold export was removed in June 1919. Price-fixing had ceased, but the government wanted to maintain cheap money rates until the floating debt would be reduced. Only at the end of January 1920 were the discount rates of the Federal Reserve Banks raised. Then further increases up to 7 per cent followed. The highest point of the price level was reached in May 1920 with an index number (1913 = 100) of 247 against 185 in February 1919; by January 1922, the index number had dropped to 138.[28] Then the great wave of "prosperity" started.

When price control ended, W. C. Mitchell pointed out, the producers of such goods as building materials began marking up their prices. In other fields, domestic consumers with their huge backlog of unsatisfied demands were bidding against those of underfed Europeans. On the other hand, wage-earners objected strongly to a reduction of wages, and manufacturers objected as strongly to a reduction of selling prices until wages had been cut. Eventually "men accepted the alternative of doing business at the old wage rates but keeping up prices." However, business activity became far more marked in trading than in manufacturing.

The shifts in income of the various social groups during the period of demobilization have been extensively analyzed by J. M. Clark.[29] He found that entrepreneur income (actually distributed) had shrunk in 1922 to two thirds of its 1918 level, while total compensation to workers shrank only 8 per cent. At the same time, annual wages per worker shrank 6½ per cent and salaries per worker 3.7 per cent. Apparently these fig-

[28] J. P. Day, *An Introduction to World Economic History Since the Great War* (London, 1939), pp. 45 *et seq.* Also K. W. Kapp, "Post-War Problems of Industrial Demobilization", *War Economics*, edited by E. Stein and J. Backman (New York, 1942), p. 424; J. M. Clark, "Economic Adjustments after Wars", *American Economic Review*, Papers and Proceedings, March 1942, p. 5; Mitchell, in *American Economic Review*, Papers and Proceedings, March 1920.

[29] *The Costs of the World War to the American People*, chap. xi, pp. 151 *et seq.*

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ures did not take the low income level of the unemployed sector of the working population into full account. Clark found that the abnormal surplus of accumulated corporate savings from 1916 to 1919 was dissipated during the slump in 1921. Likewise, the gains of the farmers were not maintained after 1920, whereas the workers made more gains after the war than during it. He concludes that "there can be little doubt that the immediate effect of the War was in the direction of greater equality in the distribution of personal incomes."

At any rate, even those who may be satisfied with the results of the largely negative demobilization after 1918, and of disbanding the governmental war controls immediately after the Armistice, will have to admit that the relatively brief depression which followed destroyed much of the seeming success of such transition methods, whatever we may think about the subsequent prosperity (and its end in 1929).

> The crisis of 1920, like every other crisis, caught the great majority of business men unprepared. Purchasers were doubling and trebling orders with the object of securing deliveries of the normal amounts, sellers were boosting prices, expanding operations, and enlarging inventories. Salesmen in nearly all lines were confident that flush times would continue indefinitely.[30]

Little need be said in this context about the international aspects of American demobilization policy after 1918. These aspects might be summarized in two words: loans and tariffs. Inter-governmental borrowing continued during the period of demobilization, and the bulk of the post-Armistice loans was provided by the United States, largely under the wartime authority of the Liberty Loan Acts. Acts of February 1919 and March 1920 empowered the American Relief Association and the United States Grain Corporation to sell supplies on

[30] Warren M. Persons, "The Crisis of 1920 in the United States: A Quantitative Survey", *American Economic Review*, Papers and Proceedings, March 1922. This study contains much statistical material on prices, wages, production, trade and banking during the crisis of 1920. See also, in the same issue, Wesley C. Mitchell's article, "The Crisis of 1920 and the Problem of Controlling Business Cycles".

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credit. The total volume of loans extended under these and similar acts was $3,085,126,000.[31]

Until the spring of 1919, the debtor governments met interest on all loans; these obligations were covered chiefly from proceeds of new loans. In September 1919, the United States Treasury deferred all such interest payments for a period of two to three years. In fact, this moratorium lasted much longer in the case of all the debtors of the United States but one: only Great Britain resumed interest payments in 1922. In other words, American loans to foreign countries continued during the demobilization period even though no interest payments to the United States were made during most of this period. This country found herself obliged to assist some of the war-torn nations of Europe, but the underlying financial philosophy of such assistance at that time remained directed at profitable loans rather than unilateral relief.

In fact, informal negotiations on repayment of the war debts began almost immediately after the Armistice, even while the granting of new American relief credits continued. Carter Glass, Secretary of the Treasury, refused to link these discussions with the Peace Conference, although he admitted that the problems of inter-Allied debts and reparations were closely interwoven. Neither the American funding proposals in November 1919, nor the British proposal for general cancellation after February 1920, led to a successful settlement. We need not go here into the provisions of the act of February 9, 1922, creating a World War Debt Funding Commission, and the long series of formal international negotiations that began in 1922. It may safely be said that there was little if any coördination between the domestic demobilization policy and the attempted settlement of international war credits and post-Armistice loans.

In fact, the only systematic approach of the United States to the field of international economic relations during that period was her tariff policy. It is almost beyond dispute today that this policy was out of tune with the expectations to obtain re-

[31] H. G. Moulton and L. Pasvolsky, *War Debts and World Prosperity* (Washington, 1932), pp. 38 *et seq.*

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payment of the loans, and that the United States practically "refused to accept its creditor position."

> In 1919, and again from 1925 to 1929, the world market seemed big enough, despite tariffs and monetary strain, for the wheat growers of Australia, Canada, and the Argentine, as well as for those in the Danubian countries, and for the manufacturers of Japan as well as Germany. But an essential link was missing in the chain of transactions, the means of payment by the countries whose need for imports and for loans was most desperate. At the first onset of depression, the greatest creditor country in the world had sharply raised its already high tariff. The Fordney-McCumber tariff of 1922 was the first heavy blow directed against any hope of effectively restoring a world trading system.[32]

Briefly speaking, the international economic policy of the United States during the period of demobilization was guided by two contradictory motives: first, the necessity to grant further credits and to extend relief to various European nations during the post-Armistice period, and to accept later a slow and incomplete settlement of the loan problem; secondly, the isolationist wish to get out as fast as possible from European entanglements, both economically and otherwise, and to concentrate upon a domestic prosperity that should be protected by tariff walls. In fact, the American attitude during the transition period toward international economic coöperation was summarized in the famous telegram which Mr. Herbert Hoover, then United States Food Administrator, sent to his representatives in London on November 7, 1918, i. e., even before the Armistice was signed:

> For your general advice, this Government will not agree to any program that even looks like Inter-Allied control of our economic resources after peace. After peace, over one-half of the whole export food supplies of the world will come from the United States and for the buyers of these supplies to sit in majority in dictation to us as to prices and distribution is wholly inconceivable. The same applies to raw materials. Our only

[32] J. B. Condliffe, *The Reconstruction of World Trade* (New York, 1940), p. 182.

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> hope of securing justice in distribution, proper appreciation abroad of the effort we made to assist foreign nations, and proper return for the service that we will perform will revolve around complete independence of commitment to joint action on our part.

A few days later, in a communication to President Wilson, Mr. Hoover stated again:

> . . . we cannot undertake any cooperative arrangements that look to the control of our exports after peace and furthermore—and equally important—that the Inter-Allied councils hitherto set up in Europe were entirely for the purpose of guiding Inter-Allied relations during the period of the war and that any extension of their functions either by way of their control of our relations to other nations or the extension of their present functions beyond peace, cannot be entertained by us.[33]

In conclusion, it is not an overstatement to repeat that the only really systematic economic policy of the United States during the period of transition was the tariff policy following the slump of 1921. "The special conditions of 1921-22 led to an extreme of protection which few had thought possible."[34] Such industries as dyestuffs and optical glass, which had expanded during the war, demanded and received tariff protection after the war; the official motive was to enable them to survive German competition. Significantly, the new wave of protectionism did not eliminate public belief in laissez faire, though the latter became increasingly a purely theoretical philosophy of economics, if not a mere fiction.[35]

A Fortune Round Table recently summarized the lessons of economic demobilization after 1919 as follows:

[33] H. R. Brodie and K. W. Kapp, "The Breakdown of Inter-Allied Economic Cooperation in 1919", *Planning Pamphlets*, No. 6, August 1941, p. 44. See also J. B. Condliffe, *Agenda for a Postwar World* (New York, 1942), p. 60.

[34] F. W. Taussig, *Tariff History of the United States* (7th ed., New York and London, 1923), p. 453. See also John H. Williams, "The Foreign Trade Balance of the United States since the Armistice", *American Economic Review*, Papers and Proceedings, March 1921, pp. 22 *et seq.*

[35] See Albert T. Lauterbach, *Economics in Uniform: Military Economy and Social Structure* (Princeton, 1942), chapter vii.

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> In 1918-19 the United States returned to a peacetime economy with relatively little friction. The war period had caused vast shortages at home and abroad and stimulated the growth of new industries, which created a sustained demand for capital and labor. In 1920 the budget was balanced in contrast to a $13 billion deficit in 1919. Wartime taxes were reduced, and debt retirement was undertaken. If anything, the United States transferred to a peacetime economy too rapidly. For in 1920-21 a severe depression occurred, throwing five million men out of work. But this depression was quickly overcome; and between 1921 and 1929 national income rose from $50,700,000,000 to $81,100,000,000.
>
> Despite the relatively successful transition after World War I, there is prevalent defeatism today as to the economic aftermath of this war. It is true that circumstances today are different. Modern technological warfare imposes far more of a burden on economic life than did the war of twenty-five years ago. Many workers have been idle for years and are only now acquiring skills. The public debt stands at about $50 billion in contrast to about $3 billion in 1917; taxes and wage rates are much higher. Nevertheless the Round Table believes that the United States can find jobs for its defense workers in the postwar period within the framework of the American system, if the country begins to lay plans at once.[36]

We might add that the generation whose economic concepts dominated the period of demobilization was not conscious of, or did not recognize, any far-reaching shifts in economic institutions as a result of wartime developments.[37] Indeed, there was comparatively little to demobilize, as the war economy had covered too brief a period to revolutionize the economic institutions to the extent which is becoming familiar to us in the second World War. There was no "defense economy" prior to the declaration of war, and the readjustment to wartime needs started from scratch. The war economy had not in fact reached the point of full functioning and efficiency when the

[36] *The Tenth Fortune Round Table: Demobilizing the War Economy*, September 5-7, 1941, p. 17.

[37] See for instance, H. T. Davenport, "The Post-War Outlook", *American Economic Review*, March 1921, pp. 7 *et seq.*

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Armistice came. Long before the readjustment was completed, the war was over, only eighteen months after the United States had entered it.

That is why even such economists as may continue to believe that the "negative" method of demobilization in the United States after 1919 was right, and that the subsequent troubles of both this country and Europe had nothing to do with it, will perhaps hesitate to recommend an outright repetition of this method after the present war. Conditions are different this time in more than one respect: First, an extensive defense economy has preceded the shift to full-fledged war economy, and economic rearmament of this country has been going on since the later part of 1940. Secondly, the scope of war economy itself far exceeds that of any World War policies, whether we look at the mechanization of the armed forces, at civilian defense, the development of aircraft, or the man power problem. Thirdly, the dislocations in the world economy are incomparably greater than they were in 1918, with a number of basic raw material resources and industrialized regions of the world controlled and exploited by totalitarian régimes. Practically no neutrals and no safe communication lines have been left this time. Compared with the presumable problems of economic demobilization after the present war, which are growing more crucial with every month of continued warfare, the pitfalls of 1919 and after, enormous as they were, look almost like child's play. On the other hand, the extensive preparations today for the coming post-war period are a hopeful sign.

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THE NEW ORLEANS LONGSHOREMEN

FOR almost a century organized labor has been a factor of importance on the New Orleans waterfront. During these years the white and colored workers have sometimes fought each other for an increased share of the available employment, but more often they have joined forces in order to wrest concessions from their employers. In 1923 the unions suffered a severe setback in a vain attempt to restrict technological progress, and from this they have never fully recovered. Since 1933 rival unionism, financial discrepancies, and intra-union politics have kept the affairs of the New Orleans longshoremen in the public eye.

The purpose of this article [1] is to trace the history of the New Orleans longshoremen and to examine the problems which their unions have encountered—problems which illustrate clearly those faced by waterfront workers and by workers in the South generally.

1850-1914

In 1850 a hundred longshoremen who stowed or "screwed" cotton and tobacco aboard ocean-going vessels founded the Screwmen's Benevolent Association.[2] At that time, there was no high-powered cotton press, and the work of the screwmen required considerable skill and strength; for to make the export of cotton profitable, as many bales as possible had to be stowed into the holds of vessels which were very small in comparison with modern standards. The screwmen screwed the bales down with hand screws and stowed them into the holds

[1] I am indebted to Professor S. H. Slichter, Drs. J. T. Dunlop and P. H. Norgren, and my father, all of whom read parts of the manuscript and offered helpful suggestions; to Professor Alvin Jones and the Tulane University Library for the loan of valuable unpublished manuscripts; and to Messrs. Clarence Laws, Industrial Secretary of the New Orleans Urban League, and Samuel Lang, formerly Chief Attorney, and Charles Logan, Regional Director, National Labor Relations Board, Fifteenth Region, for assistance in my field work.

[2] Roger W. Shugg, *Origins of Class Struggle in Louisiana* (University, La., 1939), p. 114.

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of ships. In addition, they also stowed tobacco which had to be packed carefully into the smallest possible space.[3]

The difficulty of their work and the skill that it required gave the screwmen tremendous bargaining power. By 1860 their organization had grown to 500 members, nearly all the white screwmen in the port, and had raised wages to $21 a day per gang of five, without once having to resort to a strike to enforce its demands. Enlistments in the Confederate Army during the Civil War so thinned the ranks of the Screwmen's Association that it was almost destroyed.[4] However, it managed to survive and, as we shall see, to play a leading rôle on the New Orleans waterfront for more than seventy years. Here then is another example of a familiar occurrence in the history of the labor movement—namely, skilled, strategically situated workers being the first in an industry to organize successfully.

The New Orleans waterfront employers were given a preview of things to come in 1865 when white and black longshoremen struck side by side for higher wages. The shipmasters rejected their demands "for the sake of precedent", and the police sought to divide the workers by arresting colored longshoremen for "rioting". As a result the strikers were defeated.[5]

In 1872 the Negro longshoremen organized the Longshoremen's Protective Union Benevolent Association to coöperate with the existing white local.[6] One year later, however, rioting and bloodshed occurred on the docks as the white and colored workers accused each other of attempting to monopolize the longshore work, and the growing solidarity on the docks suffered a severe setback.[7]

As a result of the 1873 riots, the white screwmen sought to control the competition of the Negroes by assisting the colored

[3] S. D. Spero and A. L. Harris, *The Black Worker* (New York, 1931), p. 185.

[4] Shugg, *op. cit.*, pp. 114-115.

[5] *Ibid.*, p. 301.

[6] Spero and Harris, *op. cit.*, p. 183.

[7] Shugg, *op. cit.*, pp. 301-302.

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men to form the Screwmen's Benevolent Association, No. 1 (colored), in 1875. The Negro screwmen were to be paid the same wage scale as the whites in return for a promise not to supply more than one hundred men for work at any one time.[8]

For a time this worked satisfactorily, and in 1892, when more than 20,000 New Orleans workers participated in "the first general strike in American history to enlist both skilled and unskilled labor, black and white, and to paralyze the life of a great city . . . [in] an orderly [three-day] demonstration for union recognition . . . and a . . . closed shop",[9] the leaders of the waterfront unions, including a Negro longshoreman, were placed in control of the unions' negotiating committee, even though the waterfront unions did not break their contracts by joining in the walkout.[10]

Two years later, however, the Negro and white screwmen went separate ways. For some time the Negroes had resented the uneven distribution of work. The whites, claiming that the percentage agreement had been violated, went on strike. There were race riots, bloodshed, and considerable property damage. The white screwmen's strike was defeated. Once again the solidarity of the dockworkers was broken.[11]

By 1901 the rift between the blacks and the whites on the levees had at least partially healed. The white and colored longshoremen joined forces in a strike and obtained wage increases.[12] That same year the New Orleans Dock and Cotton Council was organized by unions working on the docks and levees.[13] Among the participating organizations were the screwmen, the general longshoremen, the teamsters, the yardmen, who unloaded the cotton in the yards and brought it to

[8] *Ibid.*, p. 303; and Arthur R. Pearce, "The Rise and Decline of Labor in New Orleans" (unpublished M.A. thesis, Tulane University, 1938), pp. 31-32. Mr. Pearce's well-documented work is based upon contemporary newspaper accounts.

[9] Roger W. Shugg, "The New Orleans General Strike of 1892", *Louisiana Historical Quarterly*, XXI (April 1938), 347.

[10] *Ibid.*, p. 554.

[11] Pearce, *op. cit.*, pp. 31-35.

[12] *Ibid.*, p. 43.

[13] *Ibid.*, p. 49.

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the warehouses, the cotton classers, scalehands, and weighers, who classified the cotton, put it on the scales, and weighed it. In nearly all instances, there were both white and colored locals of each craft.[14] The screwmen were a dominant influence throughout the life of the Dock and Cotton Council. Always the president of the Council came from the white screwmen, the secretary, from the colored longshoremen.

The year following the formation of the Dock and Cotton Council, the biggest obstacle in the way of interracial coöperation on the waterfront was removed when the white and colored screwmen and longshoremen agreed to divide the work on a fifty-fifty basis.[15] And soon thereafter, most of the unions in the Council affiliated with the International Longshoremen's Association (A F of L), until 1937 the only national union of importance in the industry.

After 1902 the race issue did not play such a disruptive rôle in the industrial disputes on the New Orleans waterfront. Nevertheless, it was not absent in the issues involved. In 1907 the Dock and Cotton Council called a strike which lasted for twenty days without a single break in the ranks of the men.[16] The *New Orleans Picayune* declared that it was a "great testimony for the industrial form of unionism",[17] and the president of the colored longshoremen was quoted by the same paper as saying: "the whites and Negroes were never before so strongly cemented in a common bond and in my 39 years on the levee, I have never seen such solidarity. . . ." [18]

The strike was settled by an agreement to arbitrate and the appointment of an impartial chairman to meet with four representatives of each side, and the men returned to work; then

[14] Spero and Harris, *op. cit.*, pp. 184-185.

[15] Pearce, *op. cit.*, p. 61. According to Spero and Harris, *op. cit.*, pp. 185-186, no Negroes were employed as screwmen before the strike. But the contemporary document presented by Shugg, *Origins of Class Struggle*, p. 303, and Pearce, *op. cit.*, p. 31, show conclusively that Negroes worked as screwmen shortly after the Civil War.

[16] Pearce, *op. cit.*, p. 83.

[17] Quoted in *ibid.*, p. 63.

[18] *Ibid.*, p. 68.

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a new trouble arose. The unions named two whites and two Negroes as their representatives, but the employers' representatives declined to meet with Negroes. The colored workers refused to withdraw, their spokesman stating that although they recognized "the white man's superiority . . . the occasion demands that colored men be on the committee." [19] When the Dock and Cotton Council voted to back up the demands of the Negroes, it seemed to the *New Orleans Picayune* that work would again come to a halt because of the

> . . . Characteristic obstinacy of the Senegambian or Hottentot in not being able to get over his ambitions to force himself on the white man when he sees he is not wanted . . . Sons of Ham . . . Black Micawbers. . . . Mr. George [an employer representative] who is a Kentuckian, with all the instincts and traditions of the true Southern gentleman stated . . . without reservation that he would not serve on the committee with negroes. . . . [20]

However, the threat of an investigation of the port of New Orleans by the state legislature induced the employers to appoint less race conscious personnel to their committee, and peace was restored.[21]

1914-1933

About the time of the commencement of the first World War, the high-powered cotton press was perfected. This press can be operated satisfactorily by unskilled labor. Thus the skill of the screwmen was rendered obsolete. So strong were the screwmen's unions, however, that they were able to force the waterfront employers to continue to pay them high piece rate wages to handle cotton. As a consequence, the wages of the screwmen were a constant source of disagreement, and several short stoppages resulted from disputes over them during the war period.[22]

[19] *Ibid.*, p. 69.

[20] *Ibid.*

[21] *Ibid.*, pp. 69-70.

[22] Spero and Harris, *op. cit.*, pp. 184-185.

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In 1921 the screwmen precipitated another general levee strike. Failing to secure an increase in wages, they walked out on November 21, and after the employers had imported strikebreakers, the rest of the unions in the Dock and Cotton Council went on strike three days later.[23] There was truth in the statement of the *New Orleans Times-Picayune* that the screwmen

> were formerly so highly paid and in such demand, they were considered the aristocrats of labor, and even though their services have been greatly reduced by modern methods of ginning and packing cotton, they still dominate the Dock and Cotton Council and refuse to work for wages similar to those of the laborers whose work is now more skilled and harder.[24]

The screwmen survived this strike, obtaining agreements after a walkout of one week.[25] It soon became apparent, however, that the Dock and Cotton Council was losing strength. The next year three large companies in the intercoastal trade broke with the unions and succeeded in carrying on their operations with non-union labor.[26] Despite these defeats, the screwmen and longshoremen not only demanded wage increases when their contracts expired on September 1, 1923, but walked out to obtain their demands. The other unions in the Dock and Cotton Council also went on strike, either in support of the screwmen and longshoremen, or because of demands of their own.[27]

The employers had no difficulty in obtaining strikebreakers and, one month after the strike began, they refused an offer of mediation by the United States Shipping Board.[28] The employers saw in the strike their much desired opportunity to rid themselves of the "make work" rules and high wages of the screwmen, and they refused any settlement which included

[23] Pearce, *op. cit.*, pp. 74-75.

[24] Quoted in *ibid.*, p. 75.

[25] *Ibid.*

[26] Spero and Harris, *op. cit.*, p. 186.

[27] *Ibid.*, p. 190; and Pearce, *op. cit.*, pp. 80-81.

[28] Pearce, *op. cit.*, p. 84.

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concessions to that group. Had the other organized waterfront workers been willing to sacrifice the obsolete skill of the screwmen, they might not have lost the strike. As it was, they stuck together and were utterly defeated. At the end of two months, commerce was moving in the port with little difficulty, and all the independent operators were using strictly non-union labor. Only a "gentlemen's agreement" with the United States Shipping Board saved the Dock and Cotton Council from total destruction. But even here the screwmen lost most of their special privileges and no longer commanded their high rates of pay for handling cotton and tobacco.[29]

In 1931 the Shipping Board leased its lines to private owners, who promptly locked out the last remaining union longshoremen in the port.[30] Thus was the defeat of the Dock and Cotton Council completed.

The defeat of the Dock and Council unions in 1923 cannot be attributed solely to the efforts of the screwmen to stem the tide of technological progress. For some time there had been much dissatisfaction among the rank and file over the manner in which the work was divided. Besides apportioning the available jobs on a fifty-fifty basis between the white and colored unions, the New Orleans waterfront organizations followed a policy of dividing the work on an equitable basis within each union. Because of the casual nature of longshore work, the unions had found it necessary to limit their memberships. To do otherwise would be to share poverty.

This policy worked reasonably well until the time of the first World War. Then increased business in the port attracted large numbers of new workers to the docks. The white locals met this situation by keeping their doors closed, but the colored unionists admitted a large number of new workers. The consequence was that, on the one hand, there were large

[29] *Ibid.*, pp. 80-85; and Spero and Harris, *op. cit.*, pp. 186-191. Sympathetic strikes by locals of the International Longshoremen's Association in nearby Gulfport, Miss., and Mobile, Ala., also resulted in the defeat of the workers and the destruction of their unions.

[30] Alvin H. Jones, "The Labor Situation on the New Orleans Waterfront" (unpublished MS, 1940), Appendix XXI. Copy courtesy Professor Jones.

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numbers of "casuals" available as potential strikebreakers, and, on the other hand, friction arose between the white and colored unions because the fifty-fifty division of work was no longer equitable, since by 1923 the colored longshore union had a membership of 4,400, the white but 1,400.[31] During the 1923 strike, the white casuals and the dissatisfied Negro unionists joined with the non-union workers of the three intercoastal companies which had broken with the Council during the previous year, to provide the employers with sufficient labor to break the strike.[32]

Following the defeat of the Dock and Cotton Council unions in 1923, the New Orleans Steamship Association ceased to deal with organized labor. Although a large number, if not a majority, of the strikebreakers in 1923 had been white,[33] the white longshoremen were gradually driven off the docks. The hiring of longshoremen was placed in the hands of a Negro, Alvin E. Harris.[34] Under his direction, a comprehensive fingerprinting and photo-identification system was put into operation so that no longshoreman suspected of union affiliation could obtain work.

The employment of Harris and the monopoly of waterfront work by Negroes did not fail to attract the attention of local politicians. In 1927 an unsuccessful candidate for mayor charged that the New Orleans Steamship Association had

[31] Spero and Harris, *op. cit.*, p. 186.

[32] The difficulties which a union faces in controlling work and dividing it among its members have been admirably recognized and discussed by Professor S. H. Slichter, *Union Policies and Industrial Management* (Washington, 1941), *passim*. However, the problem becomes much more complicated in areas where there are two or more local unions affiliated with the same national organization; for then the work first must be divided *among* the locals before it can be shared *within* each local. And when in addition the race question is involved, the complications are almost infinite.

[33] Spero and Harris, *op. cit.*, pp. 190-191.

[34] This, as well as much of the succeeding material, unless otherwise stated, is based on the testimony presented in National Labor Relations Board, "Official Report of the Proceedings in the Matter of the Aluminum Line *et al.*", Case Nos. XV-R-168, *et al.* (typed MS. in files of the NLRB, 1938), supplemented by field work in New Orleans, June 1940 and September 1941. For a summary, see In the Matter of the Aluminum Line *et al.*, 8 NLRB 1325.

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"Africanized the waterfront".[35] In that same year, one T. J. Darcy became president of the white local. His campaign, understandable enough, to secure more work for white longshoremen kept racial friction in the forefront on the docks.[36]

What the decline of unionism meant to the well-being of the New Orleans longshoremen is best shown by quoting Dr. Boris Stern who, after a survey of longshore labor conditions in the principal ports of the United States, reported:

> In New Orleans there are more rumors current [1926] of the abuse of the hiring power of the foremen than at any other port in the United States. It is stated that the workers are often compelled to borrow money from the foremen at exorbitant rates of interest. In other cases the colored men are merely paid a certain amount for the week, and the balance goes to the foreman, who is permitted to draw the pay on the brass checks turned over to him by the workers. These checks are often sold to saloon keepers and money lenders at very large discounts.[37]

Even the union members who worked for the Shipping Board were scarcely well off. Dr. Stern found that their earnings were considerably lower than those of union longshoremen in any other large port in the country.[38]

1933-1939

With the advent of the NRA in 1933, the New Orleans Steamship Association abandoned its identification scheme and sponsored company unionism.[39] Provision was made for the

[35] Robert C. Francis, "Longshoremen in New Orleans", *Opportunity*, XIV (March 1936), 83.

[36] *Ibid.*, pp. 83-84.

[37] U. S. Bureau of Labor Statistics, *Cargo Handling and Longshore Labor Conditions*, Bulletin No. 550 (1932), p. 88.

[38] *Ibid.*, p. 89.

[39] According to the testimony of Paul Hortman, leader of the "independent" colored union: "I participated in, in the board room of the New Orleans Steamship Association . . . a meeting that had been called by the members selected from the different steamship associations and labor unions to discuss the setting up of an organization. . . ." NLRB, "Proceedings", Cases Nos. XV-R-168, *et al.*, p. 585.

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return of white workers to the docks, and the Independent Longshoremen's Association (white) and the Independent Longshoremen's Association (colored) were organized. The leaders of these two groups were old union men, but according to the testimony of Alvin E. Harris, the Steamship Association's personnel chief from 1923 to 1936, most of them had been on his payroll at one time or another since 1923.[40]

Also with the passage of the NRA, the International Longshoremen's Association (AF of L) assisted the old longshore unions, Local 231 (colored) and Local 1226 (white), to revive. Although the ILA locals claimed soon thereafter to have enrolled a majority of the longshoremen, it is questionable whether this was correct, at least in the case of colored longshoremen; for many colored workers believed that after the unions regained their control T. J. Darcy, president of Local 1226, would have them displaced by white workers. Nor did the Negroes have too much confidence in J. B. Spencer, president of Local 231, for they felt that he was dominated by Darcy.[41]

Apparently the failure of the old ILA locals to revive as expected, and the fact that the "independent" unions appeared to be fairly well established in the port, induced President Joseph P. Ryan of the ILA to revoke the charters of Locals 231 and 1226, and to charter the "independents" as Locals 1338 (white) and 1339 (colored). However, Darcy and Spencer went before the Civil District Court, Parish of Orleans, and charged that Ryan "had entered into a conspiracy with certain hostile interests" to destroy Locals 231 and 1226, and that he had revoked their charters without authority under the ILA constitution. The Court ruled in favor of Darcy and Spencer, and issued an injunction ordering the re-instatement of Locals 231 and 1226, and the withdrawal of the charters for Locals 1338 and 1339. Mr. Ryan and his agents were "for-

[40] *Ibid.*, pp. 996 *et seq.* Most of the men concerned denied Harris' testimony, while others corroborated it.

[41] Francis, *loc. cit.*, pp. 34-35. I cannot, however, agree with the intimation of Dr. Francis that the Independent Associations were in fact the creations of the workers.

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ever restrained" from revoking the charters of the two old locals. An appeal was taken to the state supreme court, but the lower court was sustained except in one important particular: the injunction was modified so that Mr. Ryan or his representatives were enjoined from revoking the charters of Locals 231 and 1226 *in an illegal manner*. He might revoke them for just cause.[42]

Although they failed in their attempt to affiliate with the ILA, the "independents" remained in control of the New Orleans waterfront for another year. But before the ILA convention of July 1935, Messrs. Darcy and Ryan patched up their differences. At the convention Darcy was unanimously elected a vice president,[43] and a resolution was passed stating that all ILA locals on the Gulf coast would cease work at the expiration of their agreements until such time as Locals 231 and 1226 were granted recognition.[44] The speeches of the ILA officials made it clear that they regarded the New Orleans "independents" as company-dominated unions.[45]

When the agreements of the locals in the Texas ports, the only functioning ILA organizations on the Gulf coast, expired on September 30, 1935, they went on strike. In addition, the west coast longshoremen, then affiliated with the ILA, refused to handle cargoes from the Gulf. After sixty-two days, during which shipping at Galveston and Houston was at a standstill, three lines in the Pacific-Gulf trade agreed to recognize Locals 231 and 1226. Thus for the first time in twelve years recognition was granted to an AF of L union by New Orleans shipping interests.

During the two months' strike, Locals 231 and 1226 were of no practical assistance to their brother locals in the Texas ports. The port of New Orleans ran wide open, handling not only its own normal traffic, but easily and very efficiently such

[42] Locals No. 231 and No. 1226, International Longshoremen's Association v. Ross, 180 La. 293 (1934). See also *New Orleans Morning Tribune*, February 27, 1934.

[43] ILA, *Proceedings of the Thirty-first Convention* (1935), p. 176.

[44] *Ibid.*, pp. 144, 196, 265-266, 271.

[45] *Ibid.*, pp. 14, 25, 144, 265-266.

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business as would ordinarily have been destined for the Texas ports.[46]

Following the signing of the contract between Locals 231 and 1226 and the three intercoastal companies, spasmodic clashes occurred on the docks between members of the ILA and the "independents". In March 1936, after conforming to certain formal regulations, the national officers of the ILA revoked the charters of Locals 231 and 1226 for "improper conduct", and one month later chartered the "independent" white and colored locals as Nos. 1418 and 1419, respectively. The agreement between the "independents" and the New Orleans Steamship Association was taken over by the ILA, and the membership and agreements of Locals 231 and 1226 were transferred to Locals 1418 and 1419.

The officers of Locals 231 and 1226 appealed to the courts for an order restraining the ILA officials from this action, but, unlike the case in 1934, they were not upheld.[47] Thus the unions which the ILA officials had charged were company-dominated became the official ILA locals in New Orleans. At the 1939 convention, ILA President Joseph P. Ryan reported that "the two great locals there are now affiliated with our international."[48] During the same conclave, Paul Hortman, one time head of the colored "independent", and then president of Local 1419, was elected an ILA vice president to replace T. J. Darcy of former Local 1226 (white).[49]

Despite the legitimatizing of the "independents", dissatisfaction continued on the New Orleans docks as the workers claimed little effort was being made to enforce the provisions of their collective bargaining agreements. Meanwhile, a new union entered the field. The Pacific coast longshoremen seceded from the ILA in 1937 and founded the International

[46] Francis, *loc. cit.*, p. 85; and interviews in New Orleans, June 1940.

[47] Orders to show cause why they should not be held in contempt of court were served on the officers of Locals 1418 and 1419 in November 1936 (copy in writer's possession). The case, however, was continually postponed and had not been brought up four years later.

[48] ILA, *Proceedings of the Thirty-Second Convention* (1939), pp. 169-170.

[49] *Ibid.*, p. 199.

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Longshoremen's and Warehousemen's Union, affiliated with the CIO. In November 1937, the IL&WU secured bargaining rights and a contract covering the employees of the Morgan (Southern Pacific) Lines at New Orleans. Contrary to the general custom in the port, this company usually employed a regular group, which was hired apart from those working for other lines and, hence, was easily separable.

Capitalizing on the unrest on the New Orleans waterfront, the IL&WU began organizational activities among general longshoremen one month after its initial victory. It succeeded in signing up enough workers to petition the NLRB for an employee representation election, which was granted;[50] but the election, which was held in September 1938, resulted in an overwhelming ILA victory.[51]

The failure of the New Orleans longshoremen to repudiate the leaders of the former "independents" is ascribable to several interesting factors. Many of the workers failed to understand the hiring hall decasualization scheme which the IL&WU advocated for New Orleans, and which is in use in the Pacific coast ports.[52] Rather than a method to divide work equitably and to increase the earnings of union members, many New Orleans longshoremen feared the hiring hall would cost them their jobs. And because of this misunderstanding, they preferred to retain the ILA and the "shape-up"—the method of hiring longshoremen used in most ports between New York and New Orleans. Under the "shape-up" system, longshoremen line up, or "shape", at least once a day at certain designated places, where stevedores, or hiring foremen, pick whomsoever they wish to work for them. Usually the men are chosen by gangs. This method of employment results in a very inequitable distribution of work. It also increases the accident rate, for men, once hired, work as long as possible, not knowing when next they will be employed, and, over-

[50] In the Matter of the Aluminum Line *et al.*, 8 NLRB 1325.

[51] *Ibid.*, 9 NLRB 72.

[52] For a description of the hiring hall decasualization system in effect on the west coast, see Marvel Keller, *Decasualization of Longshore Work in San Francisco* (Philadelphia, WPA, National Research Project, 1939).

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fatigued, lose their agility. And it gives the stevedore or hiring foreman tremendous power over the employment opportunities of longshoremen, with the consequence that job-selling, bribery and corruption of all sorts become quite common.[53]

There were other reasons which were of at least equal importance in explaining the defeat of the IL&WU. Public officials and employers made no secret of their dislike of the IL&WU, and of the CIO in general. The Louisiana legislature passed a resolution which condemned the CIO as "communistic", declared the organization of Negroes a threat to white supremacy, and urged that "all departments, boards, political sub-divisions, and municipalities of the state . . . take steps necessary to suppress, stamp out, and eradicate Communism and its attendant evils".[54] The New Orleans police raided the CIO headquarters, destroyed all of the IL&WU membership cards, and arrested the union officials.[55] The obvious leftist tendencies of the IL&WU, led by Harry Bridges, alienated some New Orleans workers. Last, but not least, was the sum of $63,825.14 spent by Local 1419 (Negro) for "direct and indirect" education.[56]

1939-1942

Despite its failure to win the allegiance of the New Orleans longshoremen,[57] the IL&WU did have a salutory effect on the

[53] A good description of the "shape-up" system of hiring longshoremen, together with an analysis of its attendant evils, is found in Maritime Labor Board, *Report to the President and to the Congress* (Washington, 1940), pp. 141-144.

[54] Copy printed in *New Orleans Times-Picayune*, July 2, 1938.

[55] NLRB, "Proceedings", Cases Nos. XV-R-168, *et al.*, pp. 298-458, 856-995, 1131-1246.

[56] Copy of Local 1419's audit, December 1937 – December 1939. At the ILA's 1939 convention, George Googe, southern representative of the AF of L, stated that the AF of L and the ILA "were forced to spend over $80,000" in order to win NLRB elections at New Orleans and Mobile. ILA, *Proceedings* (1939), p. 224.

[57] Six months later, the IL&WU rebounded from its defeat to win an overwhelming victory over the ILA in an election of 1,000 New Orleans warehouse and cotton compress workers, most of whom are Negroes. See In the Matter of the Barclay Compress Co., 11 NLRB 85; 12 NLRB 462.

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members of the ILA locals. Not long after the NLRB election, Leo Tujague, the head of the white local since its inception as an "independent" in 1933, was defeated for re-election by Earl Benton, "rank and file" candidate. Benton instituted a division of work program and generally put the affairs of Local 1418 in order.[58] But it was almost two years before the Negroes deposed Paul Hortman, who had risen to become international vice president and had had the constitution of Local 1419 amended to extend to four years his term of office as local president.[59]

One of the principal causes of disturbances within the Negro local has been the dues check-off of 5 per cent of all members' earnings. The check-off had been used by New Orleans longshoremen for many years prior to the 1923 strike, and originally the money had been set aside to provide financial aid and sickness and accident benefits for members. At a meeting on April 9, 1934, the independent colored longshoremen adopted a resolution calling for a dues check-off of 2.5 per cent of each member's weekly earnings. Two years later, on April 27, 1936, the members attending a meeting voted to increase this to 5 per cent. All this money goes to the local union. In addition, each member must pay the international union $10 per year. The dues of Local 1418 (white) have remained nominal.

Local 1419 has about 2,100 members. Few, however, take an active part in the affairs of their local. The local union meeting hall seats but 200, and the former local president testified that "it was rarely filled, except maybe by a joint meeting with the white local."[60] The constitution of Local 1419 provides that twenty members are enough for a quorum.[61] It is hardly likely that the meetings of Local 1419 and its "independent" predecessor, which voted the heavy dues check-off, were unusually well attended.

[58] *New Orleans Item*, October 24, 1940.

[59] ILA Local No. 1419, *Constitution and By-Laws* (ed. 1937), Article I, Section 2.

[60] In an interview with the writer, New Orleans, June 19, 1940.

[61] ILA Local 1419, *Constitution*, Article I of the by-laws.

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It is the almost unanimous opinion of observers with whom the writer has discussed the subject—and subsequent events bear this out—that most of the colored longshoremen in New Orleans regard the "percentage" as a payment for the privilege of working, and not as a means of building a strong union. True, sickness and accident benefits are paid them by the local, but they are rather insignificant, not exceeding $3.00 per week and, except in unusual cases, not running for a period of more than four months;[62] they hardly compensate for the deduction of 5 per cent of the earnings of men whose wages in the "check-off period" have averaged $1.00 per hour, but whose work is also casual and intermittent.

The size of the check-off and the meagerness of the benefits have kept alive for several years rumors of financial irregularities involving funds of Local 1419. Talk of mismanagement of the check-off money was especially strong and persistent during the IL&WU's agitation on the waterfront in 1938, but no proof that it had any basis in fact was forthcoming at that time. Two years later, however, amazing "discrepancies" were discovered.

In September 1940, several members of Local 1419 became curious about finances when they learned that only about $3,000 was in the local's treasury. They called the NLRB and requested that the steamship companies be charged with unfair labor practices for not paying Local 1419 the check-off money as per contract. The NLRB secured records and, after a comparison of the books of the union and the companies, found that the companies had paid the union more than $400,000 over a six-year period, but the union's treasury had received only $189,000. Facing charges of embezzlement, all of the colored local's officials resigned. Haywood Augustine, president of the ILA's Negro freight handlers' local in New Orleans, was named temporary receiver of Local 1419.[63]

The day after this disclosure, a secret "double-dip" payroll system which had been in force for several years in Local 1419

[62] *Ibid.*, Article I, Sections 1-2. A death benefit of $50 is also paid by the local.

[63] *New Orleans Item*, October 24, 1940.

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was brought to light. Principal benefactor of this arrangement was A. D. Robertson, a delegate, who had been defeated by Hortman for the local's presidency by allegedly fraudulent methods in 1936. Instead of pressing charges, he accepted an additional salary of $100 per week. Hortman's extra compensation was only $80.[64] At this point federal internal revenue agents entered the case, charging income tax violations.[65]

Following the unseating of Hortman and his cohorts, a mad scramble began for the office of president of Local 1419. That there was considerable outside influence interested in the outcome of the election was indicated by the costly "spreads" and parties which the rival candidates gave to the membership. Finally, after two court injunctions had halted elections, the ticket headed by J. Harvey Netter, a CIO supporter in 1938, was swept into office on April 28, 1941. One month later, the new officers were installed by ILA district officials, who openly expressed doubts of Mr. Netter's fitness for office.[66]

As a presidential candidate, Mr. Netter promised to enforce the provisions of the collective bargaining agreement, to reduce the 5 per cent check-off, and to have the constitution amended so that officers would be elected annually instead of quadrennially. Some progress was made in carrying out the first of these provisions. For the first time in its history, Local 1419 coöperated and assisted other ILA locals in the port in their disputes with employers; and for a time grievances were settled more quickly and more satisfactorily to the membership than had formerly been the case.[67]

[64] *Ibid.*, October 25, 1940. "Double-dip" is the famous phrase used in Louisiana in connection with members of the Long machine, who sold a hotel complete with furnishings to Louisiana State University, and then sold the furniture in the hotel all over again.

[65] *New Orleans Item*, November 1, 1940. Although Hortman and his associates have been indicted, they have not as yet been brought to trial. Rumors are current in New Orleans that many persons are involved in the case, that it has as wide ramifications as the recent scandals involving the Long machine, and that the defendants may never be tried.

[66] *Louisiana Weekly* (New Orleans Negro paper), December 29, 1940, January 11, May 3, 31, 1941. The district officials professed to be less concerned about Netter's former CIO affiliation than the support he allegedly received from employer interests.

[67] Interviews, New Orleans, September 1941.

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But Netter did nothing about either the "deduct" or the four-year term of officers. By September 1941, it became apparent that he would have considerable opposition if he ran for re-election when the unexpired term for which he was elected ended in December 1941. In November 1941, Vice President John Mackie and several other officers split with Netter. After that, meetings were featured by bitter wrangling. Once more charges of corruption and mishandled funds were raised.[68]

At the last meeting before the election, Netter appointed the election judge and the ballot box watchers instead of permitting them to be elected by the membership. The opposition retaliated by boycotting the election. Netter was elected unanimously, but only 516 members, out of more than 2,000 eligible, voted.[69]

Netter's opponents appealed to the Civil District Court, Parish of Orleans, to have the election results cast out. Judge William H. Byrnes, Jr., found that Netter had induced two "dummy" candidates to run for office, one of whom was on his payroll, that he had conducted his office in a dictatorial manner, that he had refused to entertain motions to revise Local 1419's constitution although he had pledged to revise it before his first election, and that he had attempted to perpetuate himself in office by unfair means. Accordingly, the Judge ruled the election results null and void and ordered another vote to be held under the Court's direction. When Netter and his associates went ahead with the officers' installation services, Judge Byrnes sentenced them to ten days in jail for contempt of court.[70]

The new election ordered by Judge Byrnes was postponed on one pretext or another for nearly six months. Finally, it was held on June 1, 1942, and Netter easily won. Only 873 of the 2,070 eligible members of Local 1419 took the trouble to

[68] *Louisiana Weekly*, September 26, November 8, 15, 29, 1941.

[69] *Ibid.*, December 6, 1941.

[70] Batt Scott *et al.* v. J. Harvey Netter *et al.*, Civ. Dist. Ct., Parish of Orleans, La., March 2, 1942. See also *Louisiana Weekly*, January 31, and February 21, 1942.

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vote.[71] It was quite apparent that most of the New Orleans Negro longshoremen had concluded that it made little difference to them who officered their local union.

* * * * *

Today the 700 members of Local 1418 (white) work quite regularly, and the available employment is divided among them in a reasonable, equitable manner. The same cannot be said for the 2,100 Negro members of Local 1419. Their leaders have instituted no division of work, their dues remain amazingly high—5 per cent of their weekly earnings plus $10 per year—and J. Harvey Netter and his fellow officers, who were recently re-elected to four-year terms, have not given any indication that they intend to remedy either of these evils. Moreover, the "shape-up" system for hiring seems to be especially hard on the Negroes, for charges of corruption and graft at the expense of the colored longshoremen are persistent on the docks. Despite wages of $1.10 per hour for straight time, the highest in the history of the port, one must conclude that of the present-day New Orleans longshore unions, at least the Negro local does not contribute to the welfare of its members as did the old Dock and Cotton Council organizations when the screwmen were at the height of their power. One must also conclude that there is likely to be little change for the better so long as the vast majority of Negro longshoremen remain indifferent concerning the kind of officials who manage the affairs of their local union.

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[71] *Louisiana Weekly*, June 6, 1942. On the eve of his re-election, Netter was shot and nearly lost his life. He has since recovered.

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ALEXIS DE TOCQUEVILLE, PIONEER OF DEMOCRATIC LIBERALISM IN FRANCE

TODAY the eyes of all freedom loving people are turned to America. On this "arsenal of democracy", on this powerful and determined defender of human freedom all hope is centered for the liberation of mankind from the fearful tyranny of the fascist dictatorships. America played a similar rôle during the first World War. The madly cheering crowds that greeted Woodrow Wilson in Europe, when he came to attend the Peace Conference, were really cheering for America that, it was then fervently believed, had made "the world safe for democracy."

Long before America entered the lists as the world champion of democracy the French political philosopher, Alexis de Tocqueville, had divined her future rôle. His voyage to America, in 1831, was a voyage of intellectual discovery. It was de Tocqueville who made America known to the world as a "democracy" which was flourishing and spreading in the New World. And it was again de Tocqueville who clearly foresaw that democracy in America was not an isolated phenomenon but that it was bound to spread throughout the world. America's historic importance was that she anticipated the future of mankind.

The extraordinary vision of de Tocqueville in reference to democracy in general and to America in particular should be of great interest at present, when the issue of democracy has become world wide and when America's rôle is universally recognized. A study of the work and career of the French philosopher is, therefore, timely, especially in America.

The period 1830-1848, in France, was not a propitious one for a social philosopher without a blueprint for a future society tucked away in his pocket. In this period of social ferment and bold speculation the philosopher with a "system" readily gained the ear of a public that was bitterly discontented with the existing order and was eagerly awaiting a new and a better one. The situation was, therefore, not favorable to the ap-

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pearance of a philosopher whose power lay primarily in analysis and whose hopes of a new and a better order were often clouded with doubts, misgivings and hesitations. And yet such a philosopher did appear in the person of Alexis de Tocqueville who, despite these handicaps, succeeded in attaining an eminent position in the France of his day. Not having any "system", de Tocqueville had no devout disciples, but he did have ardent admirers who regarded him as a luminous thinker with an unrivaled insight into the problems of democracy.

De Tocqueville was born, in 1805, of an aristocratic family that had suffered during the French Revolution. When the Bourbons returned, his father became a strong supporter of the restored dynasty, and he was rewarded by being appointed to high governmental positions. Young de Tocqueville studied law, and, at the age of twenty-two, he was appointed to a judgeship in the lower courts. When the July Revolution established the Orleanist régime, de Tocqueville, being identified with the Bourbon cause, found himself *persona non grata* with the authorities. He asked and received leave to visit the United States for the purpose of studying the penal system in that country. Together with a friend, Gustave de Beaumont, he came to America in 1831, and stayed about a year. The young Frenchmen visited many of the states, and journeyed as far west as Michigan, then a frontier region.[1] They visited prisons and studied methods of treating prisoners; the results of their observations were embodied in a report to their government.[2]

De Tocqueville's visit to America, like the visit of Montesquieu to England, is a great event in the history of political thought. His imagination had been aroused by witnessing a bold experiment in democracy, on a large scale, which was proving a great success. Moreover his visit took place during the Jacksonian era when a great wave of democratic sentiment

[1] For an excellent study of the experiences in America of de Tocqueville and de Beaumont, see G. W. Pierson, *Tocqueville and Beaumont in America* (New York, 1938).

[2] Alexis de Tocqueville and Gustave de Beaumont, *Du système pénitentiare aux États-Unis* (Paris, 1833).

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was sweeping the country. What he saw in America deeply impressed him: the constitutional system, the passion for equality, and the many opportunities for economic betterment. He made a close study of the American experiment, and the fruit of this study was his most famous book, *Democracy in America,* which created a profound impression in France and made the reputation of its author. Thirteen editions of the book appeared during the fifteen years that followed its publication, in 1835, which was considerable at that time for a serious work on political science. At the age of thirty de Tocqueville "awoke to find himself famous". *Democracy in America* was compared to Montesquieu's *Spirit of Laws* as a profound and original contribution to political philosophy. "Since Montesquieu there has been nothing like it", was the opinion of Royer-Collard,[3] an opinion that was echoed and re-echoed in intellectual circles. De Tocqueville now succeeded Montesquieu as the discoverer of the model land of freedom that liberal Frenchmen had for so long been seeking; it was not England, but America.

In France a political philosopher was expected to take an active part in public life. Although de Tocqueville was temperamentally unfitted to be a politician, being shy, reserved, and a poor orator, nevertheless he felt called upon to enter the political field. In 1839 he was elected to the Chamber where he joined the constitutional opposition to the government of Louis Philippe. He remained in the Chamber until the February Revolution of 1848 which overthrew the July Monarchy. In 1849 he was elected to the Assembly of the Second Republic. A good illustration of the idealistic character of the Assembly was the appointment of the shy, scholarly de Tocqueville as Minister of Foreign Affairs, an office that he held for only a few months. The overthrow of the Second Republic by the *coup d'état* of Louis Napoleon, in 1851, eliminated de Tocqueville from the political scene. All his life he had been in delicate health, and he now used the few years

[3] Quoted in R. Pierre Marcel, *Essai politique sur Alexis de Tocqueville* (Paris, 1910), p. 88.

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that remained to him for study and writing. He died in 1859 at the comparatively early age of fifty-four.

De Tocqueville's life was short, and the number of the books that he wrote was small, really only three. For all that he has an important place in the intellectual history of Europe during the nineteenth century. It would not be correct to place him in the rank of original and creative thinkers such as Montesquieu and Rousseau; his gifts were rather those of the keen observer and master analyst of the socio-intellectual situation in his day. De Tocqueville had the style, the temperament and the scholarship of a detached and discriminating analyst. In addition he had a sympathetic social imagination that gave to his analysis of a period, of a party, of a government the power of luminous suggestion of the historic forces and trends that were shaping civilization. In the opinion of Bryce, de Tocqueville was pre-eminent "for the acuteness of his observation, for the delicacy of his analysis, for the elegant precision of his reasonings, for the limpid purity of his style; above all, for his love of truth and the elevation of his character."[4] De Tocqueville's convictions were clear, strong and steadfast, without being heightened by passion or riveted by dogma. His style is elegant and cold, but not hard. In his analysis of political and social phenomena he exhibits a capacity for cool lucidity that gives an impression of "frozen logic". But this impression is dissipated by observations that reveal the author as a highly sensitive individual with generous sympathies and with an abiding love of mankind. As a writer de Tocqueville may be compared with an artist whose painting of a landscape gives the effect of softness, even of tenderness, by depicting the sun's rays breaking through a cold, gray atmosphere.

If de Tocqueville was not original in thought he was original in method. All his books bear the imprint of original ways of dealing with a subject. His *De la Démocratic en Amérique*[5] was the first comprehensive analysis of the only great democracy of that period in action. His method was novel in

[4] James Bryce, *Studies in History and Jurisprudence* (New York, 1901), p. 320.

[5] *Democracy in America* (Henry Reeve, trans. New York, ed. 1900).

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his day: a first-hand study of the institutions of a country that embodied an idea. His analysis of democratic practices and methods, blended with philosophic observation, made *Democracy in America* the unique work on America until the appearance of Bryce's *American Commonwealth,* more than half a century later.

De Tocqueville's *Souvenirs,*[6] which appeared in 1850, is "among the abiding masterpieces in the literature of political memoirs".[7] In it may be found a luminous exposition of the social forces that clashed in the Revolution of 1848. The author appears as the spectator of historic scenes in which the contending parties are struggling for mastery over issues that have been philosophically projected on the screen of world history since the French Revolution. His observations on the first attempt to overthrow the social order by a socialist revolution, the "June Days" of 1848, read as though they were written yesterday. No student of modern history can afford to neglect this little volume.

Equally remarkable is de Tocqueville's historic study, *L'Ancien régime et la révolution,*[8] which appeared in 1856. It is the unobtrusive result of careful research without much display of the apparatus of scholarship. No compiler of facts in the manner of his contemporary, the German historian, Leopold von Ranke, de Tocqueville viewed the study of history as *problems* in human relationships throughout the ages.[9] He was, however, strongly averse to absolutist, dogmatic interpretations "which represent all events of history as depending upon great first causes linked by the chain of fatality, and which, as it were, suppress men from the history of the human race. They seem narrow to my mind, under their pretense of

[6] *The Recollections of Alexis de Tocqueville* (A. Teixeira de Mattos, trans. New York, 1896).

[7] J. P. Mayer, *Alexis de Tocqueville* (M. M. Bozman and C. Hahn, trans. New York, 1940), p. 108.

[8] *The Old Regime and the Revolution* (J. Bonner, trans. New York, 1856).

[9] For a discussion of the study of history as problems in human relationships, see Benedetto Croce, *History as the Story of Liberty* (S. Sprigge, trans. New York, 1941).

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broadness, and false beneath their air of mathematical exactness." [10] His method was to arrange historical events in a pattern with a central theme, but pattern and theme varied with time, place and circumstances. His interpretation of the French Revolution, for example, was that it was not a sudden break with the past but the last stage of a long process of transformation of the political and economic institutions of France. Centralization, peasant proprietorship, and the power of the bourgeoisie were forces that had been in train for centuries, but were accelerated and dramatized by the events of the French Revolution. Even now, de Tocqueville's *Old Regime* is considered a notable contribution to the study of the subject by students of the French Revolution.[11]

Apart from his work as an historian and political philosopher, de Tocqueville has a unique position in the history of nineteenth-century liberalism. Like John Stuart Mill in England, he was, in France, the outstanding pioneer of democratic liberalism. In France after the Revolution of 1830, as in England after the Reform Bill of 1832, the bourgeois elements were in control of the government. The aristocrats were reduced to a subordinate position; and the workers were eliminated from the suffrage by a high property qualification for voting. This period in both England and France was the golden age of bourgeois liberalism. The government was "liberal" in that supreme power was vested in parliament and in that civil liberties were guaranteed. It was "bourgeois" in that parliament, controlled by the middle class, pursued policies in the interests of that class.

Endowed with a social imagination and having wide sympathies de Tocqueville clearly realized the limitations of bourgeois liberalism. As "a liberal of a new kind" he detested the principles and policies of the July Monarchy, as expounded and practiced by that preëminent bourgeois liberal, Francois Guizot, the leading figure in the government of Louis Philippe. To de Tocqueville the rule of a capitalist oligarchy

[10] *Recollections*, p. 80.

[11] L. Gershoy, *The French Revolution and Napoleon* (New York, 1933), p. 536.

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was the most revolting of all governments, since it was class despotism without class responsibility, a system offensive both to his aristocratic instincts and to his democratic sympathies. Moreover, bourgeois liberalism in France after 1830 exhibited a spirit of class selfishness and of class materialism that was in conflict with the generous ideals of the nation. With much misgiving and with great hesitation, often in spite of his aristocratic inclinations, de Tocqueville was finally convinced that the solution of the problem would be to widen the outlook of liberalism by giving it a broader base. In other words, liberalism was to cease to be bourgeois and become democratic by admitting the masses to the suffrage.[12]

De Tocqueville's study of history and his reflections on the political situation in France convinced him that democracy was "inevitable" and, in the long run, beneficent. Democracy was, in his view, a "providential fact", having "all the characteristics of a divine decree": it was universal; it was lasting; it overcame all obstacles; and the course of events steadily flowed toward its realization.[13] De Tocqueville, comments Henry Michel, "was one of the first to understand that democracy, with all its consequences and with all its power to transform everything for all time, was both inevitable and beneficent."[14] This attitude toward democracy was a highly unusual one among the liberals of the bourgeois monarchy of Louis Philippe. Representative liberals of the period, like Guizot and Thiers, dreaded popular rule even more than they dreaded the reactionary Bourbons, and with good reason. They regarded popular rule as a direct challenge to the control of the government by the bourgeoisie, and, because of the Jacobin heritage of French democracy, as a menace to established property interests. In de Tocqueville's long-range view, however, the political struggles and class divisions of his day were not danger signals of universal chaos as they were to his

[12] A discriminating analysis of de Tocqueville's approach to the problem of democracy is to be found in C. A. Sainte-Beuve, *Causeries du lundi* (ed. Paris, 188–?), vol. 15.

[13] *Democracy in America*, vol. I, p. 96; see vol. II, Introduction.

[14] Henry Michel, *La doctrine politique de la démocratie* (Paris, 1901), p. 19.

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contemporaries. To him they were the part of the never-ending efforts to establish "equality", the supreme and persistent passion of mankind throughout the ages, a passion that was "ardent, insatiable, incessant, invincible." It could best be satisfied by equality in freedom, and if that were impossible, equality in slavery would be preferred by the people to inequality in a system of aristocratic privilege. "They will endure poverty, servitude, barbarism—but they will not endure aristocracy. This is true at all times, and especially true in our own." [15] At one time equality had meant that between bourgeois and aristocrat; now, concluded de Tocqueville, it meant that between poor and rich.[16]

The "passion for equality", that de Tocqueville deemed the supreme emotion among the masses of mankind, was a generalization typical of the early nineteenth century, in language as well as in idea. It was an observation that came to him partly from his experiences in America, partly from the revolutionary history of France. In America frontier equality, from a hard necessity, had been sublimated into a political and social ideal that became an American passion during the Jacksonian era. De Tocqueville had witnessed explosions of this passion during his visit to America, which made a deep impression on his sensitive, sympathetic nature. As a Frenchman he was profoundly influenced by the French Revolution whose great ideal had been to establish a classless society. In its impatient efforts to attain this ideal the Revolution had swiftly and ruthlessly destroyed a social order in which caste division was the dominant characteristic. In 1830 de Tocqueville had witnessed a great popular uprising that had defeated the efforts of the reactionaries to restore the old régime of privilege and inequality. During the reign of Louis Philippe a new upsurge of the "passion for equality" took place with the rapid growth of the socialist movement that fused political and economic ideas into a grand scheme for an egalitarian society. De

[15] *Democracy in America*, vol. II, pp. 102-3.

[16] E. d'Eichthal, *Alexis de Tocqueville et la démocratie libérale* (Paris, 1897), pp. 246-47.

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Tocqueville's knowledge and experience did not go much beyond France and America, the two lands which, to him, had boldly laid down the broad lines of the progress of mankind.

The problem for de Tocqueville was not whether or not to have democracy but how could democracy be reconciled "with respect for property, with deference for rights, with safety to freedom, with reverence to religion." In France democracy was identified with mob violence, confiscation, terrorism and atheism which he dreaded and hated. "Intellectually I have an inclination for democracy," he declared, "but I am an aristocrat by instinct, that is to say, I despise and fear the mob."[17] How could the "providential fact" of democracy be purged of its evil aspects that had repelled so many Frenchmen?

America was the answer. De Tocqueville came to America, not primarily to study American institutions, but to study a democratic system of society and institutions of which America then offered the only outstanding example. "I confess that in America", he wrote, "I saw more than America; I sought the image of democracy itself, with its inclinations, its character, its prejudices, and its passions, in order to learn what we have to fear or to hope from its progress."[18] To de Tocqueville American democracy was not destined to remain a unique and isolated experiment with no significance for the rest of the world. On the contrary, it was a bold and successful step in the march of history toward freedom and equality; hence America was the pattern of the future of mankind. He was sanguine that, sooner or later, the rest of the world would achieve an equality of conditions similar to that in America.[19] He had, what he called, an *idée-mère* in writing *Democracy in America.* It was, on the one hand, to moderate the extravagant hopes of those in Europe who regarded democracy as "a brilliant dream which could be easily realized". American democracy, as described in his pages, was not "a brilliant

[17] Quoted in Antoine Redier, *Comme disait M. de Tocqueville* (Paris, 1925), p. 48.

[18] *Democracy in America,* vol. I, p. 14.

[19] *Ibid.*

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dream" realized but a community that, in some respects, was backward and commonplace. On the other hand, he sought "to allay the terrors" of those to whom democracy was synonymous with "disorder, anarchy, spoliation, and murder", and "to bend their minds to the idea of an inevitable future" by showing democracy in America triumphant, moderate and peaceful. The example of America was to be an inspiration to the democrats of Europe and, at the same time, an assurance to their opponents that democracy held no terrors for the future of mankind.[20]

The rich blend of the historian, the sociologist and the philosopher, which was so distinctively de Tocqueville, is seen in his explanations of the success of the American experiment. It was due, he explains, to the presence of fortunate circumstances, to the absence of historical obstacles, and to the national origin of most of the settlers in the Thirteen Colonies. The fact that America was a virgin continent, rich in natural resources with land free for the asking, prevented bitter class conflicts from arising that, in Europe, had proved so inimical to the progress of democracy. Discontent could be drained off in the many channels of opportunity that America offered to acquire property, as a consequence of which there was an approach to economic equality consonant with the legal and political equality enjoyed by the citizens.[21] America was "virgin soil" in a social as well as in a physical sense. Unlike Europe, America had no such obstacle to equality as a landed aristocracy; no such obstacle to freedom as military caste; and no such obstacle to religious toleration as a national church. To cap America's historic good fortune most of its inhabitants were of English origin who had brought with them the traditions of liberty and self-government of England.

De Tocqueville was acutely sensitive to the dangers to individual liberty in a democracy unless great care was taken to avoid them. "Liberty", he declared, "is my passion. This

[20] Alexis de Tocqueville, *Oeuvres complètes*, 9 vols. (Paris, 1864-67), vol. V, pp. 425-27.

[21] *Democracy in America*, vol. I, pp. 46 *et seq.*, 295 *et seq.*

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is the truth." [22] And it was. To de Tocqueville the despotism of the many would be as great an evil as the despotism of an absolute monarch, and perhaps even a greater one. "For myself," he wrote, "when I feel the hand of power lie heavy in my brow, I care but little to know who oppresses me: and I am not the more disposed to pass beneath the yoke, because it is held out to me by the arms of a million men." [23] He expressed great fear of the tyranny that the majority might exercise, once it was recognized as the supreme and unlimited power in the state. With all his admiration for the American political system he believed that it contained inadequate securities against majority tyranny.[24] The danger to freedom, however, was largely mitigated by administrative decentralization, local self-government, and trial by jury. Furthermore, the elaborate system of constitutional limitations in the American political system indirectly prevented the exercise of tyrannical power by the majority. De Tocqueville analyzed with great care the system of checks and balances, indirect elections, the independence of the judiciary, and the judicial review which, in his opinion, had for their object, not the foiling, but the maturing of the popular will. Just because the majority could not, at all times, exercise unlimited power in America the minority felt assured of its rights, and it was therefore not goaded into desperation, a mood which, in Europe, found an outlet in popular uprisings.

Apart from constitutional provisions de Tocqueville saw in the right of association "a necessary guarantee against the tyranny of the majority"; [25] it was "as inalienable as individual liberty". [26] In no other aspect of his analysis of democracy was he so perspicacious as in his wholehearted advocacy of the right of association.[27] Unlike many liberals

[22] Redier, *op. cit.*, p. 48.

[23] *Democracy in America*, vol. II, p. 13.

[24] *Ibid.*, p. 265.

[25] *Oeuvres*, vol. II, p. 37.

[26] *Ibid.*, p. 39.

[27] *Democracy in America*, vol. II, pp. 114-28.

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in France, who saw only the individual on one side and the state on the other, and who regarded associations as "conspiracies" against the state, de Tocqueville considered associations as the very bulwarks of liberty to which he was so deeply attached. In a democracy, he reasoned, the weakness of isolated individuals might encourage the government to commit acts of tyranny, but once the citizens formed associations they were "no longer isolated men, but a power seen from afar, whose activities serve as an example and whose language is listened to."[28] The very existence of powerful associations, such as political parties, trade unions, business corporations, and cultural organizations, weakened "the moral power of the majority", and therefore deterred it from committing acts of tyranny.[29] Unfortunately, in France, the right of association was feared because it was regarded as a right that encouraged revolutionary activity. Not so, however, in America where, due to a democratic suffrage, freedom to form associations was regarded as a means of maintaining the government by the free opportunity given to its opponents to control it.[30]

The question, however, remains, why was de Tocqueville so much concerned over the possible "tyranny of the majority"? Over and over again he expressed fear of such a possibility, a fear that was shared by John Stuart Mill, his fellow pioneer of democratic liberalism. These fears had their origin in the revolutionary excesses associated with the French Revolution. The confiscatory decrees, the executions, and the Reign of Terror, associated with the popularly elected National Convention, caused even liberals like de Tocqueville and Mill to fear the "tyranny of the majority". But the history of democratic government has proved their fears to have been groundless. One looks in vain for acts of oppression in England after the Reform Bills of 1867 and 1884 made parliament a democratic body; or in France after the establishment of the democratic Third French Republic. Quite the contrary.

[28] *Ibid.*, p. 117.

[29] *Oeuvres*, vol. II, p. 40.

[30] *Ibid.*, p. 41.

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Scrupulous regard for the rights of property, for individual liberty, and for the protection of minorities were the outstanding features of democratic government in England and in France. With the advent of communism and fascism, in recent years, the great danger has been the tyranny of the minority, a danger all too real which was not at all foreseen by the pioneers of democratic liberalism. Let it be noted that neither to de Tocqueville nor to Mill was democracy a radiant vision; rather was it a generous hope. They were pioneers, not prophets. Hence they were very much alive to possible dangers and pitfalls that might lie in their path. De Tocqueville, even more than Mill, feared these dangers and pitfalls, and with good reason. Had not the radiant vision of popular sovereignty in the France of 1789 become the hideous nightmare of the Reign of Terror? It was to the very great credit of de Tocqueville that he set out for America, there to behold the true face of democracy which, he was convinced, was neither a vision nor a nightmare.

Reverence for religion, in the opinion of de Tocqueville, was one of the pillars of the democratic order in America.[31] This view is indeed surprising in a Frenchman, and especially in one who lived during the first half of the nineteenth century. Catholic Frenchmen, during this period, were almost unanimous in believing that reverence for religion was the one sure foundation of authoritarian royalism. On the other hand, free-thinking Frenchmen, liberals, radicals and socialists, were almost unanimous in believing that the church in France was the one uncompromising enemy of democracy. De Tocqueville was a liberal with a reverent attitude toward the church, a rare phenomenon in the France of his day. Early in life he had ceased to be a "practicing" Catholic, though he always remained a respectful one. As he himself said: *Je crois; mais je ne puis pratiquer.*[32]

To appreciate de Tocqueville's religious attitude it is necessary to note that, with respect to religion, there is another besides the Catholic and Voltairean traditions in France. It

[31] *Democracy in America*, vol. II, pp. 6-7.

[32] Quoted in Pierson, *op. cit.*, p. 17.

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is the Jansenist tradition which, though weak by comparison with the other two, has nevertheless a significance that has been generally slighted by historians. While holding fast to the essential Catholic doctrines, Jansenism sought to create an atmosphere of puritanism in the church. It failed, but left behind strands of influence that, curiously enough, created a pattern of French liberalism different from that of the *philosophes* and from that of Revolutionary inspiration. Turgot, Royer-Collard and de Tocqueville were liberals of this pattern, in that they were Jansenist in *temper* and had the puritan approach to the problems of government and society.

Puritanism has the peculiar political effect of making a harmonious individual of one having conservative inclinations and liberal views. Such an individual was de Tocqueville whose reverence for religion was really reverence for the moral nature of man. Translated into political terms it meant respect for his rights, for his opinions, for his goods, which is "liberalism". In France de Tocqueville had seen anticlericalism quickly translated into anti-Christianity, in other words from hostility to clerical intervention in politics to hostility to religious views as such. And he keenly realized that neither tolerance nor intolerance can be kept within the bounds of one field; persecution for religious opinions would spread to persecution for political and economic opinions, thereby endangering what he had most at heart, liberty for all. The reverence for religious opinion, that de Tocqueville saw in America, was to him the acid test of freedom of opinion in any field. In this he was not far from the truth.

A more serious danger to democracy than hostility to religion was hostility to the institution of property. In de Tocqueville's day the rights of property were being challenged by an influential body of opinion, led by the Saint-Simonians and by Proudhon, and by the revolutionary movement of the socialist workers. These attacks on property rights caused great uneasiness among the bourgeois who were prepared to form a common front with the aristocrats in order to protect their class interests in case of a socialist uprising. Such a combination would not hesitate to resort to a dictatorship that would

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sweep away parliamentary government and civil liberties. In fact that is what actually happened in France. After the socialist uprising in June 1848, the propertied classes, fearful of expropriation, combined to support the *coup d'état* of Louis Napoleon.

De Tocqueville understood this situation very well. In no aspect of his thinking did he show a greater power of analysis and a keener insight into the problem of the liberal state than in his views on property. In a pregnant passage he described the position of property under modern conditions.

> The French Revolution [he wrote] which abolished all privileges and destroyed all exclusive right has, however, allowed one to remain and that is the right of property. However, property owners would delude themselves if they entertained an idea that the right of property is a barrier that can not be crossed because, up to the present, no part of this barrier has been crossed. When the right of property was considered as the origin and the foundation of many other rights it defended itself without difficulty, or more correctly, it was not attacked. . . . But today when the right of property, however sacred, is regarded as the last relic of a ruined world, it has lost, for a time at least, the position that made it impregnable. Daily it has to meet direct and incessant assaults of democratic opinions.[33]

Though a strong upholder of the rights of property de Tocqueville, nevertheless, did see the contradiction involved between legal and political equality on the one hand and economic inequality on the other. He was convinced that the people would not be content to be at the same time "miserable and sovereign", and that the future would see a social conflict far more serious than any in the past. "Is it credible", he asks, "that the democracy which has annihilated the feudal system and vanquished kings will respect the citizen and the capitalist?"[34] His view that political democracy would

[33] *Oeuvres*, vol. IX, pp. 516-17.

[34] *Democracy in America*, vol. I, p. 6.

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sooner or later clash with laissez faire capitalism has been justified by all subsequent history.[35]

Although he did not live to be a "socialist" like John Stuart Mill, de Tocqueville realized even more keenly than did Mill the new dangers to freedom that came with the Industrial Revolution. It is nothing less than astonishing that he visualized the problems raised by modern industrialism as far back as the thirties of the nineteenth century, when it was in its infancy in both France and America, the only two countries that he studied. In cogent language he described the effect of the machine process on the worker and of the competitive system on the capitalist. As a consequence of the division of labor due to the use of machinery, he argued, the worker became demoralized by doing automatically the same thing all the time. The machine narrowed his interests and stifled his abilities; the less his natural ability the greater his success as a tender of part of the machine. The capitalist, on the contrary, needed more and more ability to succeed because competition, engendered by modern industry, drove incompetents to the wall. "This man resembles more and more the administrator of a vast empire—that man a brute."[36] More remorseless than the feudal aristocracy in the past were the manufacturers, because, unlike the former, they had no responsibility to their dependents. The manufacturing aristocracy "first impoverishes and debases the men who serve it, and then abandons them to be supported by the charity of the public".[37] Because it was not yet a caste and the personnel was constantly changing, the manufacturing aristocracy did not constitute as great a danger to freedom as did the feudal aristocracy. But he warned the friends of democracy to be on guard against an hereditary class of capitalists that would surely come into existence once industrialism succeeded in establishing "permanent inequality of conditions".

[35] H. J. Laski, "Alexis de Tocqueville and Democracy", in F. J. C. Hearnshaw (ed.), *The Social and Political Ideas of Some Representative Thinkers of the Victorian Age* (London, 1933), p. 108.

[36] *Democracy in America*, vol. II, p. 169.

[37] *Ibid.*, p. 171.

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Another danger to freedom, in the opinion of de Tocqueville, came from the industrial workers. Having legal equality under the "liberal" government of Louis Philippe, the French workers felt the sting of poverty all the more. Being numerous they bitterly resented their political inequality under a parliamentary system, based on numbers, that excluded them from the suffrage. The evil conditions suffered by the workers in the early days of industrialism in France led to desperate strikes that were in the nature of revolts. These revolutionary strikes were common occurrences during the reign of Louis Philippe, and they resulted in bloody suppressions. A famous instance of such a strike was that of the silk weavers of Lyons, in 1831, which had the aspects of a popular uprising. With almost prophetic insight de Tocqueville saw that the policy of laissez faire, pursued by bourgeois controlled parliaments, tended to create a capitalist despotism that would result in a revolutionary movement to establish socialism. Whatever the outcome, he believed that it would spell disaster to democracy. What de Tocqueville dreaded more than anything else was a socialist overturn which, to him, would establish the worst of all governments—the despotism of the many—and the worst of all societies—that in which all would be reduced to the lowest level. If unsuccessful, a socialist uprising would frighten the country into reaction and dictatorship, thereby halting the progress of the nation.

To avoid either calamity de Tocqueville advocated political and social reform. He favored the establishment of universal, manhood suffrage which would give to the government a popular, hence a powerful, source of authority.[38] He also favored what is called today the New Deal, namely, state intervention in labor and in industry. The industrial classes, he declared, "require more regulation, superintendence, and restraint than the other classes of society, and it is natural that the powers of government should increase in the same proportion as those classes."[39] Especially did the condition of de-

[38] *Nouvelle correspondance entièrement inédite de Alexis de Tocqueville* (Paris, 1866), p. 239.

[39] *Democracy in America*, vol. II, p. 323.

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pendence and misery of the industrial laborers need "the especial consideration of the legislator; for when the whole of society is in motion, it is difficult to keep any one class stationary."[40] Governments should make the welfare of the lower classes the chief object of their activity and not delude themselves into a state of security of creating "a kind of order in the midst of their wretchedness." Every effort should be made to lighten and to equalize public burdens in order to abolish those inequalities that still remained in the management of the public finances; in a word, to assure the poor complete legal equality and every comfort consistent with the rights of property.[41]

De Tocqueville was himself an example of the tragedy of French liberalism which, since the French Revolution, has waged unceasing war on two fronts, against a reactionary right and against a revolutionary left. His aristocratic temperament, that caused him to despise the bourgeois and to fear the mob, was in conflict with his intellectual conviction that democracy was both inevitable and desirable. In a sense his *Democracy in America* was a providential solution of the problems raised by this conflict in France. Far away in the New World was a land with no Old Régime to restore, no mob of desperately poor to fear, no ambitious dictators to foil; hence democracy, which was inevitable in Europe in the course of history, had been providential from the very outset in America. What nature and a *tabula rasa* social order had done for democracy in America de Tocqueville hoped that a wise generosity on the part of the upper classes and a cautious restraint on the part of the lower classes would do for France. His experiences, however, during the Revolution of 1848, when he beheld the terrifying uprising of *le peuple* in the June Days, filled him with great misgiving as to the capacity for restraint among the lower classes. And the establishment of a Napoleonic dictatorship, with its ruthless suppressions, caused him to have grave doubts concerning the generosity of the upper classes. These experiences cast a melancholy shadow on the

[40] *Ibid.*, p. 201.

[41] *Oeuvres*, vol. IX, p. 519.

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customary serenity of his thought. And the shadow lengthened as he reflected that the Revolution of 1848 was but the continuation of the French Revolution whose end now seemed to him

> farther off and shrouded in greater darkness. Shall we ever . . . attain a more complete and more far-reaching social transformation than our fathers foresaw and desired, and than we ourselves are able to foresee; or are we not destined simply to end in a condition of intermittent anarchy, the well-known chronic and incurable complaint of old races? As for me, I am unable to say; I do not know when this long voyage will be ended; I am weary of seeing the shore in each successive mirage, and I often ask myself whether the *terra firma* we are seeking does really exist, and whether we are not doomed to rove upon the seas forever.[42]

Would then the "American dream" be realized in France? Was democracy really inevitable as de Tocqueville had, in his earlier days, believed so hopefully and so confidently? The great reaction that swept over Europe after the Revolution of 1848 clouded his hopes and shook his confidence. He died in a state of wistful doubt.

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[42] *Recollections*, pp. 86-87.

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WAGE DETERMINATIONS: THE EVIDENCE BEFORE THE WAGE AND HOUR DIVISION

Nature of the Problem

THE Wage and Hour Division of the Department of Labor has been entrusted with the responsibility of determining minimum hourly rates of pay between 30 and 40 cents; until 1945 when 40 cents becomes obligatory, it may determine any rate up to 40 cents, and after that time, any rate down to 30 cents. In either case it can depart from the prescribed limit only upon showing that the departure will not curtail employment. The Wage and Hour Division has, in fact, already set hourly rates in some twenty major and minor industries,[1] in some cases as high as 40 cents. The number of workers employed in these industries has variously been estimated to have been, as of the time the action was taken, about four million, and the number affected about eight hundred thousand. The total amount of wages involved cannot be given, but in some industries the amounts, on an annual basis, have been considerable; in the case of cotton textiles, about twelve million dollars, as a result of the first increase from 30 to 32½ cents an hour, effective October 24, 1939; in the case of converted paper products, about six million dollars; boots and shoes, seven million dollars; railroads, seven million dollars; carpets and rugs, ninety thousand dollars.

The determinations involving these and other amounts were made by the Administrator of the Wage and Hour Division upon a consideration of the facts involved in each industry, not only on his own account, as directed by the act under which he operates, but through industry committees which he is authorized to appoint. The industry committees, according to the same act, are to " investigate conditions . . . and receive such evidence as may be necessary or appropriate " to enable them

[1] Up to October 1, 1941. For a complete list of industries considered, workers employed, percentage of workers affected, and rates fixed, see Table A.

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to perform their duties and functions. These functions are to "recommend to the Administrator the highest minimum wage rates . . . which . . . having due regard to economic and competitive conditions, will not substantially curtail employment. . . ." In recommending the highest minimum rates, the committees are authorized to recommend classifications within the industries "for the purpose of fixing for each classification . . . the highest minimum wage rate . . . which (1) will not substantially curtail employment in such classification and (2) will not give a competitive advantage to any group in the industry. . . ." The committees are prohibited from making any classification on a regional basis, but in making a classification they are directed to consider, "among other relevant factors", (1) competitive conditions "as affected by transportation, living, and production costs", (2) wages established by collective labor agreements, (3) wages paid by employers "who voluntarily maintain minimum-wage standards. . . ." In approving the recommendations of the committees the Administrator is directed to consider "the same factors as are required to be considered by the industry committee[s]".

The experience with third parties in wage determinations is not altogether new in this country, but third parties have never before intervened quite in the same way as the Wage and Hour Division is authorized to intervene. Official and unofficial arbitrators called into wage disputes, without knowing very much about the industries involved, and without taking the time to find out, have often followed a sort of primitive justice in which the alternative claims were cut in two and both parties were made to feel that they gave up something and got something. The state minimum wage laws for women come somewhat nearer to the problems confronting the Wage and Hour Division, but their problems are for the most part local and are involved in social welfare rather than strictly economic issues. The Walsh-Healey Public Contracts Act comes still nearer to the Fair Labor Standards Act for plants doing government work. Its purpose, however, at least in so far as wages are concerned, is not to determine new standards, and thus affect the prevailing

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TABLE A

ESTIMATES OF NUMBER OF WORKERS COVERED, PERCENTAGE OF WORKERS AFFECTED, AND AVERAGE PERCENTAGE DIRECT WAGE BILL INCREASES IN INDUSTRIES FOR WHICH MINIMUM WAGES HAVE BEEN RECOMMENDED BY INDUSTRY COMMITTEES, OCTOBER 1, 1941

Number of industry committee and name of industry	Minimum wage rate per hour recommended (in cents)	Number of workers covered [a]	Percentage of workers affected	Average percentage direct increase in wage bill	Effective date of wage order
1. Textiles	32½	668,000	26	4.0	Oct. 24, 1939
1A. Wool	36	159,000	8	0.6	June 17, 1940
2. Apparel		720,000	25 [b]	c	July 15, 1940
Men's and boys' clothing	40	138,500	8	0.5	
Sportswear and other odd outerwear	40	18,800	40	6.8	
Leather and sheep-lined garments	40	5,100	21	2.0	
Rainwear	40	3,500	42	5.5	
Cloaks, suits, and separate skirts	40	52,800	2	0.1–0.4	
Caps and cloth hats	40	3,700	39	6.2	
Belts	40	4,700	16	2.1	
Single pants and breeches other than those of 100% cotton fabric	37½	10,200	46	7.1	
Dresses	35	110,800	24	3.0	
Blouses, shirtwaists, neckwear, and scarfs	35	12,400	15	1.5	
Corsets and allied garments	35	20,700	20	2.2	
Underwear, nightwear and negligees	35	33,800	38	5.2	
Infants' and children's outerwear	35	24,400	42	5.3	
Robes	35	5,900	39	4.7	
Washable service apparel	35	c	c	c	
Covered buttons and buckles	35	800	c	c	
Garters, suspenders, and arm bands	35	2,900	32	3.5	
Ladies' handbags	35	15,000	34	3.5	
Artificial flowers and feathers	35	7,200	35	4.6	
Men's neckwear and scarfs	35	10,400	23	2.2	
Gloves and mittens other than work gloves and mittens	35	20,100	35	c	
Single pants of 100% cotton fabric, overalls, coveralls, and work shirts:					
Single pants of 100% cotton fabric	32½	c	60	9.1	
Overalls, coveralls, etc.	32½	37,800	36	4.1	
Work shirts	32½	14,000	74	14.1	
Dress shirts, collars and sleeping wear	32½	73,400	43	5.7	
Men's and boys' underwear	32½	6,800	67	11.1	
Work gloves and mittens	32½	9,300	53	9.2	
Handkerchiefs	32½	5,100	49	7.2	

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TABLE A (continued)

Number of industry committee and name of industry	Minimum wage rate per hour recommended (in cents)	Number of workers covered [a]	Percentage of workers affected	Average percentage direct increase in wage bill	Effective date of wage order
3. Hosiery—seamless	32½	61,100	49	7.3	Sept. 18, 1939
full-fashioned	40	85,000	19	2.1	Sept. 18, 1939
4. Hat	35, 40	25,000	22	1.7–4.3	July 1, 1940
5. Millinery	40	20,800	16	1.3	Jan. 15, 1940
6. Shoe manufacturing and allied industries	35	234,000	26	3.0	Apr. 29, 1940
7. Knitted outerwear	35	26,000	33	2.9	July 1, 1940
8. Knitted underwear and commercial knitting	33½	62,000	28	1.8	May 6, 1940
9. Railroad carrier	33, 36	1,067,000	6	[c]	Mar. 1, 1941
10. Leather	40	48,900	6	0.5	Sept. 16, 1940
11. Pulp and primary paper	40	129,000	7	0.5	Sept. 16, 1940
12. Carpet and rug—wool	40			0.2	
other than wool	35	31,100	4	2.25	Mar. 17, 1941
13. Luggage and leather goods	35	17,000	28	2.4	Jan. 6, 1941
14. Converted paper products	36, 38, 40	200,000	16	2.4	June 30, 1941
15. Embroideries	37½	15,200	29	2.4	Jan. 27, 1941
16. Portable lamp and shade	40	10,300	44	6.3	July 1, 1941
17. Jewelry	35, 40 [d]	35,000	—	—	—
18. Enameled utensils	40	6,100	19	1.5	Apr. 21, 1941
19. Drugs, medicines, and toilet preparations	40	44,600	21	2.0	July 7, 1941
20. Single pants, shirts and allied garments [e]	40	146,000	68	2.3–8.8	Sept. 29, 1941
21. Seamless hosiery [e]	36	63,300	44	2.7	Sept. 15, 1941
22. Rubber products	40	131,500	8	0.6	July 28, 1941
23. Gray iron jobbing foundry	40	100,000	5	0.5	—
24. Clay products	34	39,000	18	[c]	Sept. 1, 1941
25. Textiles [e]	37½	661,000	45	3.1–5.0	June 30, 1941
26. Jewelry	40	35,000	33	3.9	Nov. 1, 1941
27. Women's apparel [e]	40	256,000	25	1.7–5.9	Sept. 29, 1941
28. Knitted and men's woven underwear and commercial knitting [e]	40	68,000	22	5.9	—
29. Wood furniture	40	121,000	36	5.5	—
30. Lumber and timber products	35	384,500	44	4.6	—
31. Miscellaneous apparel [e]	40	21,200	34	2.7	—
32. Knitted outerwear [e]	40	23,500	25	2.0	—
33. Passenger motor carrier	40	36,000	11	1.1	—
34. Property motor carrier	40	600,000	12	1.2	—
35. Shoe manufacturing and allied industries [e]	40	228,000	39	3.1	—
36. Wool [e]	40	198,000	4	[c]	—

Source: Estimated by the Research and Statistics Branch of the Wage and Hour Division largely on the basis of data available at the time of the committee meetings.

[a] The estimates are based largely on *Census of Manufactures* data for plants whose major product is included in the definition of the industry shown. Since the *Census of Manufactures* does not include homeworkers, all of the following figures are based on factory workers only. In so far as homework is important in a particular industry, the estimates are incorrect.

[b] Based on data for 90 per cent of the apparel industry. [c] Not available.

[d] Disapproved. [e] Industry covered by previous wage order.

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economy, but to enforce the prevailing standards. Its purpose is to make certain that all employees of manufacturers furnishing the government with supplies above a certain amount are paid "not less than the minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the . . . supplies . . . are to be manufactured. . . ." The issues raised by the Fair Labor Standards Act are infinitely more complicated, as the language of the "finding and declaration of policy" in the act amply shows:

> The Congress hereby finds that the existence, in industries engaged in commerce or in the production of goods for commerce, of labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers (1) causes commerce and the channels and instrumentalities of commerce to be used to spread and perpetuate such labor conditions among the workers of the several States; (2) burdens commerce and the free flow of goods in commerce; (3) constitutes an unfair method of competition in commerce; (4) leads to labor disputes burdening and obstructing commerce and the free flow of goods in commerce; and (5) interferes with the orderly and fair marketing of goods in commerce.

The Division was thus expected to consider not only wages, as they affect the standard of living, but also the standard of living as it affects the free flow of commerce. In considering these matters, as already indicated, the Division was not to lose sight of the differences in the cost of living, differences in the cost of production, and differences in the cost of transportation. If the cost of living was low, it was presumably to bear that in mind in setting a wage; if the cost of production or transportation was high, it might try to compensate for those facts in keeping wages low. The question, not only as a matter of legal responsibility but as a matter of professional interest, is how well the Division has performed this infinitely complicated task. In spite of specific directions to do more, has it really done anything more than the official and unofficial arbitrators have gen-

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erally done in wage disputes, simply cut the difference between opposing claims, or make shift through some other sort of give and take policy?

Classification of Industries

1. *The Part Played by the Administrator*

One of the first issues that the Wage and Hour Division has to settle in determining a wage is the scope of the industry to which the wage is to apply. This is not a simple matter, for no basis of classification will completely separate one industry from all others. If raw materials are used as a basis of classification, commodities having such diverse markets as rubber tires and rubber toys are put into the same industry. If markets are used as a basis of classification, toys made of such diverse materials as rubber and paper, not to mention metals and plastics, are put together. If some other basis of classification is used, such as process, for instance, in advancing raw materials from an unfinished to a finished stage, then women's hats and men's hats, which involve essentially the same operations—designing, cutting and sewing—would be put together. Indirect ways of approaching the same problem, such as noting trade association affiliations, or jurisdictional claims of unions, are not particularly helpful, since associations and unions also organize according to materials, markets, or processes. In some instances two industries might be thrown together, not because they use the same materials, the same processes, or the same markets, but because the product of one is taken almost entirely by the other, as in the case of the buttons and buckles industry and the apparel industry.

The Wage and Hour Division has used all of these criteria, now one and now another, and at times in varying combinations, to define an industry. Its authority in this respect being very wide,[2] it has sometimes arbitrarily followed one criterion to the complete exclusion of another. The apparel industry, for example, was treated as one industry; and yet because of

[2] The Fair Labor Standards Act has, in section 3 (h), defined industry as including a "trade, business, industry, or branch thereof, or group of industries, in which individuals are gainfully employed".

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the variety of products involved, ranging all the way from men's overcoats to ladies' handkerchiefs, it was given twenty-eight separate, even if in some instances identical, rates. Process was used as the fundamental basis for classifying the industry as a unit. "By the terms of the definition itself", the Administrator declared,[3] "the major processes throughout the industry are cutting, sewing and embroidering. There are variations between the component industries in the degree of skill required of employees, but these differences appear to be of degree rather than kind." Yet in justifying his position for entrusting so diversified an industry to the consideration of one committee, the Administrator resorted to the market (use) and material criteria, as well as to process, and referred to any number of aspects of all of them.

> As a unified group, the Committee was able to consider industries whose products possess the common purpose of use as apparel and whose processes of cutting and sewing and embroidering are fundamentally similar. The committee could observe the interchangeability of and consequent competition for labor among the divisions of the Apparel Industry, the significance of unionization of labor and the organization of manufacturers within the divisions of the industry, and the necessity for, and determination of, divisions within the industry as indicated by such factors as relationship of products, processes, location, labor structure, raw materials, style, transportation facilities, and markets.[4]

Having said this much the Administrator justified the exclusion of knitted outerwear, underwear, hosiery, hats, millinery, furs, because they were made in separate establishments using specialized equipment and had their own "manufacturing processes and distributive methods, labor and raw material requirements."[5] A number of specialized apparel industries,

[3] Findings and Opinion of the Administrator, May 15, 1940, in the Matter of the Recommendation of Industry Committee No. 2 for Minimum Wage Rates in the Apparel Industry, p. 8.

[4] *Ibid.*, p. 10.

[5] *Ibid.*, pp. 11-12.

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among them infants' and children's outerwear, men's and boys' woven underwear, knit fabric dress gloves, objected to being included in a general apparel industry for the same reasons, and the additional one that, in being thus included, they were not properly represented on the committee. Section 5 (b) of the Fair Labor Standards Act stipulates that employers, employees and the public shall be equally represented on committees. But the Administrator overruled the objections on the ground that, having once defined an industry, he was not obliged to have every part of it specifically represented.[6]

There is no way of determining the merit of this or any other decision from the records, for the Wage and Hour Division made no independent studies of classification problems, but generally relied on the claims of the trade associations or unions, and on scraps of evidence taken from N.R.A. records, the census and the United States Bureau of Labor Statistics. At times the associations were far from agreement and occasionally some of them combined against others whose competition they felt. The N.R.A. records revealed the same conflicting interests that developed before the Wage and Hour Division, and in the earlier period there had been less time to clarify them. In the census an industrial plant is classified on the basis of those products which account for at least 51 per cent of the value of all its products, but there are also lists, in most cases, of the quantities and values of other products, whether they determine the classification or not. Such lists could at times be used by the Wage and Hour Division in clarifying its own problems, but generally not, chiefly because the lists are based on classifications in which wages receive little or no consideration. Thus the census was not particularly helpful to the Wage and Hour Division in listing "men's and youths' semidress pants (including slacks of sanforized and other materials)" as a separate item, when the Division had to decide for wage purposes whether to combine separate pants with work clothing or with dress clothing. Two figures on quantity and value are, in any event, not enough to determine classification.

[6] *Ibid.*, p. 236.

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The United States Bureau of Labor Statistics, in its wage studies, usually follows the census in selecting plants for any one particular industry, but it departs from the census in that it sometimes includes large producers in a given industry even if, on the basis of their primary products, they really belong elsewhere. It notes other products made in the plants finally selected, but since it does not study all, and ignores related industries, it never knows how other industries overlap the one studied. However built up, the results suffer from the inadequacies common to the sampling method, which must necessarily be used by the Bureau; in this case, usually from underrepresentation of small plants.

With such mixed evidence before it, the Wage and Hour Division has on the whole, both through the Administrator and the industry committees, gone its own way, using now one bit of evidence, now another, to bolster such classifications as, all things considered, it deemed wise to make. If one type of evidence used to support one classification did not equally support another, that type of evidence was dropped and another used in its place, or else the classification was defended by various types of evidence without discriminating the force in each.

For example, the 1937 census showed that the makers of gloves and mittens made other products to the extent of 1.5 per cent of the value of all products produced by them, and that other industries produced 7.7 per cent of all gloves and mittens produced in the country.[7] Makers of knit fabric gloves, representing the bulk of all knit fabric gloves produced in the country, objected to being included with the apparel industry because, as makers of knit fabric, in addition to knit fabric gloves, they already had been put under the knit underwear and commercial knitting industry for which a lower rate was either in prospect or already had been recommended. Except for the Amalgamated Clothing Workers which claimed jurisdiction in the glove and mitten industry, the interests of the associations and unions, covering the glove and mitten industry and the apparel industry, did not seem to be iden-

[7] *Ibid.*, p. 330.

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tical, or even particularly close. The makers of leather dress gloves, located for the most part in Fulton County, New York, were organized as the National Association of Leather Glove Manufacturers; the makers of knit fabric gloves were, for the most part, organized under the Underwear Institute; and the makers of work gloves in the Work Glove Institute. The workers in Fulton County were organized as the Joint Council of Glove Workers of Fulton County, and in addition to the Amalgamated, the International Glove Workers Union of America claimed to operate all over the field. There was no competition between the glove and mitten industry and any other apparel industry in the sense that the products of any other industry could be substituted for gloves and mittens or vice versa. The only basis on which gloves and mittens could conceivably be combined with other apparel is on the rather empty generalization that they were all made of cloth and involved designing, cutting and sewing in the making. The Administrator was not forced to defend his decision, including the entire glove and mitten industry with apparel, because no one challenged him on that point, but his defense for including knit fabric gloves, whether ultimately right or wrong, leaves one, from a factual point of view, not a little surprised. The defense is worth repeating in full.

> Though it is my opinion that this question has been settled by the investigation of the Administrator preliminary to defining the jurisdiction of the Committees and by his subsequent appointment of the respective Committees, and that, therefore, I need not review the propriety of this selection in these proceedings, nevertheless, I have reviewed the evidence adduced on this point at the hearing on the present recommendation and I am convinced that the evidence so presented supports the inclusion of knit fabric gloves with other dress gloves within the Apparel Industry.
>
> Knit gloves of leather and fabric combination account for 13 percent of the total production of the members of the Underwear Institute, the organization which advanced this jurisdictional objection and whose members were alleged to manufacture 90 percent of all the knit fabric gloves produced. A small num-

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ber of the manufacturers of knit fabric gloves also make some all-leather gloves. A witness for the Underwear Institute testified that most of the 22 establishments primarily making fabric dress gloves from purchased fabrics made combination gloves and leather gloves as well as exclusively fabric gloves. The same witness testified that 15 percent by volume of knit fabric gloves is made outside of glove mills from purchased knitted fabric.

From Industry Committee Exhibit No. 60, the following appears: There are 33 establishments producing knit fabric gloves. Of the 26 of these establishments making knit fabric gloves, as a primary product, 22 appear to make no knitted underwear and no knit fabric. In 1937, these 22 plants produced 32 percent of the total value of knit gloves. Of the remaining 11 establishments, 9 knit their own cloth and all make both gloves and underwear, 4 making gloves as a primary product and 7 as a secondary product.

I find, on all the relevant evidence therefore, that even though a sizeable volume of knit fabric gloves were produced in establishments manufacturing knitted underwear or knitted cloth or both, that these gloves were reasonably and properly placed under the jurisdiction of the Apparel Committee, and that their manufacture constituted one of the divisions of the dress glove industry.[8]

If from a legal point of view, the glove and mitten workers could be said to have been properly represented on the apparel committee through the Amalgamated, it is interesting to note that the only representative the glove and mitten employers had among the sixteen employers on the apparel committee was one D. J. Gray, Ware Shoals, South Carolina, listed as making "dress shirts, handkerchiefs, hand and machine embroidery, men's work gloves."[9] But, as noted, the position of the Administrator was that, having once defined the apparel industry, one apparel employer was as good as any other in representing gloves and mittens.

[8] *Ibid.*, pp. 320-321.

[9] *Ibid.*, pp. 13-16.

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2. *The Part Played by the Industry Committees*

The classification of industries started by the Administrator in appointing committees is carried forward by the committees in recommending hourly rates of pay. As already indicated, a committee is authorized to recommend "such reasonable classification within any industry as it determines to be necessary for the purpose of fixing for each classification . . . the highest minimum wage rate . . . ." The power to classify is thus crucial with the committees in recommending rates and is a much more difficult feat than the one performed by the Administrator. It is one thing to sketch in the broad outlines of an industry and quite another to sketch in the parts according to rates. All the problems only dimly seen by the Administrator come into view with this operation; and there are many others, such as operating, marketing and regional problems. The committees have the benefit of the wage surveys made or analyzed after they have been appointed, but since the surveys do not go beyond wages, the committees are just as much in the dark on the classification problem as the Administrator is. They go over the same abstractions—materials, process, use, organization—and often find different classifications in an industry for the same rates. Where the rates are different, the classifications given the higher rates deny, on principle, that they belong to the higher, and try to prove, on principle, that they belong to the lower.

In the case of the apparel industry, the committee, as already indicated, established twenty-eight classifications and recommended four different rates starting at 32½ cents an hour and rising, in 2½-cent intervals, up to 40 cents. A classification in which there was very little evidence to go on was rainwear, made throughout the clothing industry and beyond, particularly in the rubber industry. In the clothing industry rainwear is made in the men's, youths', and boys' dress clothing part of the industry, as defined by the census; in the men's, youths', and boys' work clothing part; and in "other women's, misses', juniors', children's, and infants' clothing" part. The garments include everything from oiled waterproofed garments, leather-

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ette garments, rubberized garments, to cravenetted garments made for men, women and children, and used as both work and dress garments.

The census had not, at the time the case was under consideration, treated rainwear as a separate industry. The industry committee, therefore, did not know how many plants there were in the classification, nor the number of workers, nor any other basic features usually reported by the census. From such evidence as the census did give on the number of garments produced in the different parts of the clothing industry, and on the value of these garments, it appears that rubberized raincoats made in the women's part of the clothing industry were, on an average, worth approximately $32, while oiled raincoats made in the same part of the industry were worth about $15. Waterproofed outergarments made in the men's dress clothing part of the industry were, on an average, worth about $3.00, while oiled waterproofed outergarments made in the men's work clothing part of the industry were worth about $25. Except for the fact that hourly earnings, in 1939, for 285 employees representing about a third of all employees in oiled cotton garment plants, were, according to the United States Bureau of Labor Statistics, 48.7 cents, and except for the further fact that hourly earnings for employees in both rainwear and oiled cotton garments in 1936-1937 were, according to the United States Women's Bureau, 47.8 cents, the committee did not know what was being paid. Beside being out of date, the 1936-1937 figures were further obscured by the fact that they represented earnings which varied all the way from 43.2 cents for Tennessee, Ohio and New Jersey taken together, to 44.1 cents for Massachusetts, and 70.1 for New York. The committee did know that 73 cents were being paid in making men's dress clothing; 31.8 cents in making men's work shirts; 34.2 cents in work pants; 39.8 cents in overall and overall jackets; $1.15 in women's coats and suits; and 64 cents in dresses. It knew that in N. R. A. days rubberized rainwear was under the rubber manufacturing code with 40 cents for manufacturing employees, and 35 cents for non-manufacturing employees, and

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that oiled cotton garments were under the cotton code with 36 cents for the North and 33 cents for the South. It also knew that under the Walsh-Healey Act the minimum rate for government work was put, as of August 1, 1937, at 40 cents for vulcanized, rubberized and cravenetted raincoats, and 37.5 cents for oiled cotton garments. Finally, it knew that in Massachuetts the state minimum for women and minors in men's clothing, including raincoats, was 36.3 cents. Out of these isolated, outdated and somewhat bewildering facts the committee found that a wage of 40 cents was right for the rainwear industry.

The rubberized rainwear manufacturers voiced their objection by claiming that they did not belong to the apparel industry; they more logically belonged, they thought, to the rubber industry, and pointed out that under N. R. A. they were, as a matter of fact, under the rubber manufacturing code. The oiled cotton garment manufacturers voiced their objection by claiming that they did not belong in a rainwear group; oiled cotton garments, they said, were work clothing; N. R. A. considered them such, and put them under the cotton garment code. That is also where they were under a Walsh-Healey determination. In denying the objection of the oiled cotton garment manufacturers the Administrator moved from pole to pole.[10] He thought, as did the committee, that oiled cotton garments were made for the same general use as rainwear, even though there was a " definite distinction in the manufacturing process". The two were thus properly combined. " On the other hand," he thought, ". . . the manufacturers of oiled-cotton garments form an industry complete and separable from manufacturers of other types of waterproof garments. . . ." In a footnote he added, " Hereafter in referring to the Oiled-Cotton Garment and Rainwear Industries, I shall speak of them as the Oiled-Cotton Garment Division and the Rainwear Division, respectively." Finally, in denying the claim of the rubberized rainwear manufacturers that they belonged to the rubber rather than to the apparel industry, the Administrator argued as follows:

[10] *Ibid.*, pp. 112-113.

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> The other group on whose behalf objection was raised to the rainwear recommendation consisted of manufacturers engaged principally in producing rainwear from rubberized or vulcanized materials. The manufacturers of these types of rainwear also have a national association and a New England Rainwear Manufacturing Association, the latter consisting of approximately 30 manufacturing establishments accounting for 50 percent of the production in the entire country. During the N. R. A. those firms were included under one of the nine divisions of the Rubber Manufacturing Code. On the evidence, therefore, I find that this group of manufacturers together form another industry within the Rainwear Industry separate from that of the oiled-cotton garment manufacturers.[11]

This is given here in full, again to question not the wisdom of the denial but the logic and facts behind it.

3. *An Example from Another Industry*

The apparel industry was one of the most complicated, as well as one of the first, considered by the Wage and Hour Division for an increase in rates. With more time and experience, it would seem, the Division should have improved in developing the essential facts of the cases to come before it. But there is no evidence of that; if anything, as business in 1940 and 1941 began to feel the favorable effects of the defense program and became less inclined to resist wage increases, there is some evidence of retrogression. Where an industry was clear-cut, as full-fashioned hosiery or shoes, the Division had no serious difficulties, but when an industry like paper products came along, it handed down decisions without enough evidence to discriminate one part of the industry from another. In defining the industry the Division started out with the general proposition that it was going to include everything made of paper, that is, everything which had "as a basic component pulp, paper or board [or] . . . synthetic materials, such as cellophane, pliofilm, or synthetic resin, used in sheet form. . . ." [12]

[11] *Ibid.*, p. 113.

[12] Findings and Opinion of the Administrator, May 29, 1941, in the Matter of the Recommendations of Industry Committee No. 14 for Minimum Wages in the Converted Paper Products Industry, p. 7.

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It specifically excluded, in addition to primary pulp and paper and products made from pulp, such as rayon and cellophane, paper products made in the textile, apparel, hat, millinery, shoe, carpet, luggage, wallpaper, roofing, insulation, shingle, lamp shade, and publishing industries. After making these exclusions, it justified the inclusion of " 5000 or more different products " in one industry on the ground that they were " united in having pulp, paper or paperboard, or synthetic materials, as the element . . . which impart[s] to them their special characteristics." [13] The manufacturing operations, it claimed, were clearly related, " involving the use of substantially similar types of high-speed light machinery and non-manual work." [14]

In spite of these common features, the industry committee, with the approval of the Administrator, later found that, for wage purposes, this industry really had thirty-three different divisions in it, " whose origins lie in the nature of the products made by them and whose identities have developed to a point where they are considered traditional and are recognized by trade associations which have separately organized them and by fact finding agencies of the United States Government." [15] The 1937 census had six classifications, not counting wallpaper, one of which, "paper goods not elsewhere classified", included most of the Wage and Hour Division classifications. The United States Bureau of Labor Statistics, in its survey of hourly earnings, thought that the industry could be divided into " 28 fairly distinct groups of plants which make similar products ". Of 807 plants covered by the survey, 702 manufactured products falling within a single-product division as defined by the Bureau; 85, products falling in two-product divisions; 14, in three-product divisions; and 6, in four-product divisions.[16] Even on the basis of this grouping about one eighth of the plants still overlapped one another. In establishing different hourly rates for different parts of the industry, including the

[13] *Ibid.*, p. 8.

[14] *Ibid.*, p. 13.

[15] *Ibid.*, p. 11.

[16] *Ibid.*, p. 12.

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overlapping plants, it was necessary to disentangle them. When a contest developed over combining a given part of the industry with another part, taking a higher or lower rate, the Administrator very often simply fell back on an abstraction.

A case in point is the contest over the 36-cent recommendation of the industry committee for cans, tubes, cores, spools and drinking straws, and 40 cents for drinking cups. When approving the recommendation of the committee the Administrator admitted " that historically and as a matter of business practice cup and container manufacture has been very closely associated, while very little container production is carried on in conjunction with the manufacture of tubes and cores or molded and pressed pulp products." [17] But, he added: " If the criteria for determining whether particular products are to be included in the one or the other of the two divisions are their nature or use, the fact that some of the products in each division are manufactured by similar methods or in the same plants is immaterial."[18] The record showed that men predominated in the container division to the extent of 66.2 per cent, and in the cup division only to the extent of 54.1 per cent, but that average hourly earnings in the container division were, in January 1940, according to the United States Bureau of Labor Statistics, 48.1 cents an hour, and in the cup division, 56.5 cents. Not knowing anything more about the industry than the hourly rates paid, the Administrator approved 36 cents an hour for that part in which the percentage of male employees was higher, and 40 cents for the other part, on the ground, apparently, that each rate would represent about the same increase.

In the case of converted paper products the committee even recommended, and the Administrator approved, a John Doe classification under the title " Products not elsewhere classified ". The rate recommended for this classification was 38 cents an hour, on the basis, it seems, that if 36 cents was the lowest rate for a known part of the industry, and 40 cents the highest for a known part, then 38 cents was about right for

[17] *Ibid.*, p. 72.

[18] *Ibid.*, p. 73.

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an unknown. One important group, caught in this classification, objected to such procedure because of the adverse effect on the paper part of its output. This was the Toy Manufacturers of the U. S. A., Inc. Before the industry committee the group argued that " unless an industry is preserved in its true economic and competitive state for the purposes of analysis and study, it may reasonably be concluded that the whole purpose and function for which the industry committees are set up and appointed would be nullified. . . ." [19] The committee acknowledged the force of the argument and recommended that further consideration be given to the question of including paper toys and playthings in the converted paper products industry. In the hearings on the committee's recommendations for the industry as a whole, the toy manufacturers argued that the 38-cent recommendation could not apply to them in view of the fact that the committee had simply recommended further consideration. The Wage and Hour Division had, however, in the meantime made a mail survey of wages paid by makers of " toys, games, or party goods made of pulp, paper or paper board ". Seventeen out of fifty-six firms replying showed that 59.5 per cent out of their 1,338 workers earned less than 36 cents an hour and 62.9 per cent earned less than 40 cents. When the problem reached the Administrator, he had this to say on the dual issue whether the committee had had enough evidence to recommend a rate and whether the recommendation for further consideration involved the recommendation of the rate itself:

> Its recommendation, however, constitutes a recognition that, as defined, the Converted Paper Products Industry includes such products as paper toys and playthings. Mr. Fri's evidence failed to show that the Committee did not have sufficient data upon which to base recommendations for minimum wage rates for the employees of paper toys and playthings establishments who are engaged in manufacturing such toys and playthings from paper or paper board. He himself introduced data on 10 plants engaged in the manufacture of paper toys and playthings which together with other evidence was the basis of the Committee's decision to recommend a 38 cent hourly minimum for " products

[19] *Ibid.*, p. 20.

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> not specifically classified in any of the product divisions" into which the bulk of paper toys and playthings falls in the absence of a separate division for these products. Mr. Fri's argument that the Committee could not, in view of its recommendation to the Administrator on paper toys and playthings, have intended to have its minimum wage recommendations apply to these products defeats the purpose of his contention that the Committee's actions were improper. On his own argument the Committee acted quite properly. As they stand, its minimum wage recommendations do apply to paper toys and playthings. Whether the 38 cent hourly minimum is an appropriate rate for these products is considered at a later point in this opinion.[20]

Why the committee recommended further consideration, if it had sufficient evidence, and why the Wage and Hour Division made a further survey is not clear from this summary of the case. In addressing himself to the rate itself, the Administrator gave the results of the survey and had only this to say in justification of it:

> . . . paper toys, games, and party goods are commonly manufactured by plants engaged in the production of other converted paper products, such as die-cut specialties and playing cards, which under the recommendations of the Committee will carry a minimum wage of 40 cents per hour, or by plants engaged in manufacturing other types of toys and games from wood, metal, rubber, and other materials in which wage rates considerably higher than those in the paper products departments prevail.

In these circumstances, he added, "the 38 cent minimum hourly wage rate is appropriate for paper products not specifically included in any of the other divisions of the industry."[21] The question an outsider might ask is, why not 40 cents?

4. *The Real Basis of Classification*

Except where it did not matter, the real as distinguished from the avowed basis of classification has generally been the average hourly rates paid. In making classifications, the Division is expected, among other considerations, to proceed as if

[20] *Ibid.*, p. 21.

[21] *Ibid.*, p. 119

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it were trying to find the highest rate possible in each industry, but it has always preferred to elaborate the other considerations, rather than the rates. Only in crucial cases do the rates come to the surface as decisive. Thus, in the apparel industry, oiled cotton garments, generally used as work clothing, were combined with rainwear and both given 40 cents, because the rates in both appeared to be around 48 cents. Single pants were combined with work clothing in a single classification because they were, according to the evidence presented, very often produced in the same plants,[22] but since the average hourly earnings in so-called single dress pants were 44.9 cents, and in work pants 34.2 cents,[23] two divisions were set up, one for single pants not 100 per cent cotton, at 37½ cents, and one for work pants in combination with work clothing, at 32½ cents. The 37½ cents, the Administrator thought, would increase the wage bill of the division affected approximately 5 per cent, while the 32½ cents represented approximately a 4 per cent increase in that division.

On the face of it old rates would seem to be a reasonable basis of classification. Since the problem was to find new rates, what could be more reasonable than to start with the old? Nothing, perhaps, if the old rates stood in some sort of reasonable relationship to one another, either from the point of view of what the industries could pay, or what it cost to live, or both; or if

[22] Findings and Opinion of the Administrator, May 15, 1940, pp. 44-47. Although when arguing, in another place, that this classification did not involve the issues of transportation and living costs, the Division claimed that "Work pants are principally manufactured in southern plants while so-called dress pants are principally manufactured in northern plants" (p. 53, note 41).

[23] These figures are not altogether clear on the basis of the 100 per cent cotton line drawn through the classification by the Wage and Hour Division. In collecting its wage data in the field, the United States Bureau of Labor Statistics followed the census classification for single pants as "dress pants", "semi-dress pants", and "work pants". The census put dress pants wholly or partly made of wool, cotton, mohair, silk, linen, etc., under "men's, youths' and boys' clothing"; semi-dress pants, under "trousers, semi-dress, wash suits, and washable service apparel"; and work pants under "work pants and breeches". The compilation of the Bureau wage data on the basis of such classification shows that average hourly earnings in making work pants were 34.2 cents; semi-dress pants including wash suits not included in this industry, 34.3 cents; and dress pants, 44.9 cents (*ibid.*, pp. 59-60).

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the Wage and Hour Division knew enough about the industries to attempt a realignment of rates where a realignment seemed justifiable. But none of these conditions prevailed. Consequently, in splitting the industries according to rates, the Division laid a foundation for carrying the low rate industries forward at low, even if at somewhat higher rates, without ever knowing whether any industry could pay more. In so doing also the Division very often accomplished what it consistently wished to avoid. It consistently wished to avoid giving the South lower rates than the North, but in so far as it recognized Southern rates in some of its classifications, it virtually gave the South with one hand what it withheld with the other.

A good illustration of this point is found in the cotton textile and woolen industries. The cotton industry was about evenly divided between the North and South, with the South paying the lower rates. The woolen industry was essentially a Northern industry. At first the two industries were combined for consideration by one committee; later they were separated and given 36 cents in the case of wool, and 32½ cents in the case of cotton. Although it was apparent from such odd bits of evidence as were presented that the Southern cotton mills, taken altogether, were at least as large, as modern, and as profitable as the Northern, wages in the Southern averaged 36.6 cents an hour against 38.4 cents in all mills. But without a systematic review of the operating conditions of the industry as a whole, particularly from the point of view of wages, the Wage and Hour Division simply allowed the industry to drop to its lower level.

ECONOMIC ISSUES IN THE WAGE DETERMINATIONS

1. *Cost of Living*

In determining a classification and a rate for the classification, both the industry committees and the Administrator were to consider, among other relevant factors, "competitive conditions as affected by transportation, living and production costs". Except for living costs, neither the committees nor the Administrator covered these problems systematically enough even to determine remotely their bearing, one way or another, on wages.

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The cost of living presented multiple difficulties, some connected with the nature of the problem and some with the sample used. The sample was a comparative adaptation of two studies of living costs, one for some twenty-seven cities of 25,000 or more inhabitants in 1935, and the other in 1938 for ten small cities, five Northern and five Southern, ranging from 10,000 to 25,000 population.[24] The first study found the cost of a hypothetical "maintenance" budget without varying it, except for transportation with the size of the city, and fuel and ice with the climate, from place to place in accordance with local consumption habits.[25] Only in this way, it was assumed, could differences in costs be determined as distinguished from differences in purchases, which are themselves based on differences in earnings. On this basis, according to prices prevailing in the winter of 1938-1939, no significant difference was found in the cost of living between Southern and Northern cities. The cost in seventeen Northern cities was $1,370, and in ten Southern, $1,294. There was also very little difference on the same goods between the five small Northern and five small Southern cities. Goods ordinarily consumed in the North cost $1,387 in the five Northern cities and $1,374 in the five Southern; and goods ordinarily consumed in the South cost $1,075 in the five Southern cities and $1,136 in the five Northern. Some of the difference in goods consumed was no doubt due to a difference in natural conditions such as climate which showed up in lower housing and fuel costs in the South, and to a difference in available foods. The South is known to consume more of corn meal, hominy, sweet potatoes, turnip greens, wheat flour, pork products and poultry, and less of baker's bread, beef, veal, lamb and milk.[26] What difference in food value there was, if any, between these two groups of items was not shown.

[24] The first study was prepared by W.P.A. and repriced by the United States Bureau of Labor Statistics, while the second was compiled by the Bureau and adapted for comparative purposes to the W.P.A. results.

[25] Margaret L. Stecker, *Intercity Differences in Costs of Living in March 1935, 59 Cities*, Works Progress Administration, Research Monograph XII (Washington, 1937).

[26] *Monthly Labor Review*, United States Bureau of Labor Statistics, July 1939.

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Although the cost of living can hardly be discussed apart from the quantities of goods purchased, the relation between the actual goods purchased in the South and North and the goods in the hypothetical maintenance budget was not considered. The number of cities studied was so small that no central tendencies could be discovered in the results. Out of thirty-seven cities used in the sample, ten were supposed to represent the small cities of the country, where local peculiarities often wipe out geographical differences. Without central tendencies it was possible to impute all sorts of meanings to the results. In denying that the cost of living was substantially lower in the South than in the North, the Wage and Hour Division did, as a matter of fact, argue that in some Southern cities it was higher than in some Northern, and vice versa.

2. *Transportation Costs*

The transportation provision was put into the act creating the Division to satisfy the claims of the South that producers there paid higher railroad rates in getting into the North than Northern producers paid in the North for equal distances, and that Northern producers paid lower rates in getting into the South than Southern producers paid in the South for equal distances. On first glance, it seems incongruous that wage differentials should have been contemplated as a means of offsetting differences in transportation costs. Differences in transportation costs are based on differences in rates charged by the railroad, and these are "hand made". Except where it is a question of covering traceable costs, railroads generally follow the policy of holding down rates on outgoing traffic. The lower the rates, they reason, the wider the market for the outgoing traffic, and the wider the market, the higher the tonnage that is likely to be developed. They would probably follow the same policy on incoming traffic, but here they have less control. Thus the Northern roads operating north of the Potomac and Ohio rivers and east of the Mississippi River, in the highly industrialized section of the country, generally known as official territory, maintain comparatively low rates on manufactured goods, while the Southern and Western roads maintain com-

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paratively low rates on raw materials. In so far as manufactured goods are concerned, the rate structure of the country takes the form of five plateaus standing in relation to one another, from the lowest to the highest, in the following order: (1) Official territory, just described; (2) Southern territory, which lies south of the Potomac and Ohio rivers and east of the Mississippi; (3) Western Trunk Line territory, which lies west of the Mississippi as far as the mountain states of Montana, Wyoming and Colorado, and north of Oklahoma and Arkansas; (4) Southwestern territory, which lies south of the Western Trunk Line territory and west of the Mississippi; and (5) Mountain-Pacific territory which takes in the rest of the country. Not all the territories are rich in the same raw materials, so it is difficult to make comparisons; but the Southern territory which claims to have high rates on manufactured goods has, on its own admission, low rates on lumber.

It was undoubtedly the intent of Congress that local conditions should be taken into consideration in determining wages, particularly local conditions as they were affected, among other things, by transportation. The original Black-Connery Bill (H. R. 7200-S 2475), dated May 24, 1937, directed the Labor Standards Board, provided for in that bill, to take into account, when fixing a minimum fair wage, the cost of living "and all other relevant circumstances affecting the value of the service or class of service rendered". Subsequent drafts of the bill particularized "all other relevant circumstances", and the particulars finally became "transportation, living, and production costs". Thus, the only difference that developed on this point in Congress was whether the intent was to be expressed in general or specific terms. Senator Black of Alabama did not want to be specific because he did not want to limit the administrators. With regard to transportation, in particular, he did not want to be specific because he did not want "to give any legislative recognition to any unfair freight rate system". He recognized, however, that as long as an "unfair freight system" did exist, it would have to be considered in fixing wages. Apparently he thought that the problem could

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be handled under the broad terms of "other relevant circumstances".

Senator McKellar of Tennessee addressed himself to the issue at stake, namely, that the South was paying higher rates on some goods than the North. Both he and Senator Black were concerned with the fact that it cost Leaksville, North Carolina, for instance, $1.51 to deliver 100 pounds of rugs, in less-than-carload lots, at Indianapolis, Indiana, 622 miles away, as compared with $1.38 paid by Bloomsburg, Pennsylvania, to the same point, 619 miles away. Senator Walsh of Massachusetts, however, naïvely addressed himself to the consideration that some producing points, by reason of the fact that they were farther from raw material and consuming centers than other producing points, had higher transportation costs, a consideration which was scarcely pertinent, even if true. In other words, he concerned himself with the fact that it cost only 62 cents to haul, say, 100 pounds of rugs, in less-than-carload lots, for 100 miles, from Philadelphia to New York, as compared with $1.49 for 736 miles, from Philadelphia to Indianapolis, Indiana, or $2.43 for 1,067 miles, from Philadelphia to Memphis, Tennessee. All points are nearer to or farther from all other points, and the distance principle has become a well-recognized principle in rate making. In its own claim the South did not argue that the principle should be denied, but that it should, for the South's own benefit, in relation to the North, be affirmed. But the Wage and Hour Division took the naïve view of the problem and, in presenting transportation costs, simply presented the transportation costs between main producing centers and main consuming centers. The costs between each producing center and the main consuming centers were then averaged and the averages were supposed to indicate the relative cost position of each producing center in relation to all other producing centers. The averages depended on the number of points chosen and the distances between them. Since the short distances cancelled out the long ones, it was invariably possible to show, not only that there was very little difference in the transportation costs of the different regions,

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but that transportation costs were not significant in the picture as a whole.

3. *Production Costs*

The Wage and Hour Division made no attempt to determine relative production costs. Granted that the problem is full of difficulties and that the results are likely to be elusive, it is certainly no more difficult or elusive than the problem of determining comparative living costs. In the case of living costs the Wage and Hour Division fell back on the experience and results of the United States Bureau of Labor Statistics; on production costs it might have fallen back on the experience of the Interstate Commerce Commission, the Communications Commission, the Power Commission, the Bituminous Coal Division of the Department of the Interior, the Tariff Commission, or the Federal Trade Commission. In a recent survey of "costs, prices and financial data in the paperboard industry", the Federal Trade Commission indicated the scope of that survey in its "instructions to guide [the] collection" of the data in the following terms:

> To determine present out of pocket expenses.
> To determine present comparative overall costs.
> To determine comparative costs of producing 11 specific major grades of paperboard.
> To determine the relative importance of the chief classes of expense items.
> To determine the cost trend and to reflect the effect of rate of operation on cost.
> To reflect shifting of production of grades.
> To evaluate relative out bound freight costs of individual mills and for the industry.
> To collect a price history and to gauge the price relationship of 11 grades of paperboard.
> To collect data on the observance of trade customs as to quantity and weight differentials.
> To collect data on trade practices relative to transportation costs of paperboard.
> To collect data as to the relative importance or volume of 11 grades of paperboard.

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To determine net operating profits and to relate them to sales and capital investment.

The Wage and Hour Division had no notion of the cost features of any of the industries for which it determined wages. It knew what the hourly rates were, but how those rates were related to materials and operating costs, on a nation-wide or regional basis, was always a deep mystery to it. Instead of investigating the problem, it simply fell back on the relationship between "wages" and "wages" plus the "cost of materials, etc., fuel, purchased electric energy, and contract work", as reported by the census, for an answer. The census classification of plants, according to those products which represent 51 per cent of the value of all products produced by them, would at once preclude the use of the census results for that purpose. The census also calls attention to the fact that its figures on material costs are full of duplications arising apparently from the fact that plants, representing successive stages of production, reënter the same material carried a step forward by predecessor plants, as a part of their own material costs. On the other hand, in integrated plants, material costs might show up as processing costs, representing capital equipment, which the census does not report at all, or as labor costs. In this connection it should be noted that the census reports contract work done on materials owned by a plant as a part of the material costs of that plant. If done on the plant's own premises such work would be added in with labor, or else not accounted for at all.

It was the ratio of wages, as reported by the census, to wages plus these obscure census material costs that the Wage and Hour Division used to whittle down the added labor cost from any increase in the rates. Thus, if it appeared that the added labor cost, as a result of a new rate, was going to be 10 per cent, but the ratio of census wages to census wages plus material costs was, say, 20 per cent, the 10 per cent was multiplied by the 20 to show that the addition to total costs would be only 2 per cent. It should also be noted that although the Wage and Hour Division took great pains to show what the added labor

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cost of any new rate would be on a regional and plant-size basis, as well as on a national basis, it did not break the census data down in the same way, but used the national ratios all the way through, regardless of location or size. Where the prevailing rates were excessively low, a breakdown might have shown that the higher labor costs resulting from a change in the rates were more than sufficiently offset by the lower ratios between labor costs and labor plus material costs. If so, the rates might have been made higher than they actually were.

4. *Old Wage Rates as a Basis for the New*

What really mattered in the deliberations of the Wage and Hour Division in establishing new rates was, as in the case of establishing classifications, what the rates had been in the past. The problem of rates was so intimately combined with the problem of classification that what has been said on the inadequacy of rates as a basis for classification can equally well be said concerning the inadequacy of rates as a basis for still other rates. In bringing industries and parts of industries together the idea was to bring them together in such a way that, considering the old rates, the new would be least disturbing to their relative positions. In establishing a new rate, regardless of the classification, the idea was to make the change, considering the industry as a whole, as easy as possible. This involved a review of all the plants in a classification from the point of view of their old rates, and finding such a new rate as the lowest plants could bear. This very often meant a rate lower than most of the plants were already paying. Since the rate applied only to some workers in some plants, it was always easy to show that, from the point of view of a classification as a whole, the new rate represented only a small percentage change over the old, and being small it could hardly have an adverse effect on the classification.

The woolen industry illustrates the procedure as well as any. The first time it came up for consideration it was given a minimum of 36 cents. Except for the competition it felt at some points from the cotton industry, it had no Southern competition of its own. It did, however, have a few low wage plants in

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the Middle West and beyond, employing about 3 per cent of all the workers in the industry. In casting about for a minimum it was found that 36 cents would increase the wage bill of the few low wage plants about 16 per cent. This it seemed, from the sheer magnitude of the percentage, was about as much as these plants could bear. This was the minimum adopted, although for the industry as a whole it meant an increase of only 0.6 per cent.

5. *The Invocation of "Economic Principles"*

Since the Wage and Hour Division knew neither the operating conditions of the industries, beyond the wages paid, nor the marketing conditions, it, through its economists, often fell back on abstractions which might or might not be true. Thus, if a product had a style factor, the economists very often argued that the product could stand a higher wage because its price was determined by style and not cost; if the product had no style factor the economists argued that the product could stand a higher wage because it enjoyed the benefits of standardized operations. If a product, including its raw materials, fluctuated widely in prices, the economists argued that the product could stand a higher wage because the increase, relative to the fluctuations in raw materials, was small; if the fluctuations were narrow, the economists argued that the product could stand a higher wage, because of the economies of a steady market. If the South claimed a lower rate for itself because its rates were generally lower to begin with, the economists often replied that some plants in the North paid lower rates than some plants in the South. If some industries claimed that another wage increase would drive them from the field, the economists replied that previous wage increases not only did not drive them from the field, but made them more prosperous. A telling bit of evidence in this connection, in the eyes of the economists, was the general increase in activity which paralleled the increase in wages under N. R. A.

How much the Division depended at times on abstractions, in the absence of adequate data, is indicated by the fact that it occasionally suggested that added wages could be absorbed by

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changing the specifications of the products or the technique of production. The act creating the Division is its own best evidence of the effect of changing technique in industry, and the one limitation it imposed on the Division was that it was not to fix such rates as would substantially curtail employment. Changes in specifications and techniques occur for all sorts of reasons, some connected with the related rather than with the specific industries in question, such as the related material industries, or the related marketing channels, but it is reasonable to suppose that any change, particularly in specifications designed to save wages, would lead to unemployment. Instead of reviewing the technical conditions of each industry, with a view of segregating the changes that could reasonably be expected to occur with changing wages from those that might occur independently of them, the Wage and Hour Division, with more than two years of experience behind it, was content, in the converted paper products case, to state the relation between wages and technical improvements in the following terms:

> Methods of cost absorption, heretofore discussed in connection with the effect of the recommended minima on aggregate employment in the Converted Paper Products Industry as a whole, will . . . work to nullify for all practical purposes the effects both direct and indirect, of the minima recommended for folding and set-up boxes. The record is replete with testimony relating to possibilities of improvements in manufacturing efficiency and through increased use of machinery, much of which, at least in the set-up box division, appears to be antiquated and obsolete. While the greater use of machinery may appear to threaten the employment of workers now assigned to out-moded machinery or to handwork, the increase in labor costs will not be sufficiently large to induce any sharp acceleration of mechanization but will rather stimulate a trend in that direction which, through the more efficient use of raw materials and equipment and enlarged output at lower unit costs, will expand employment in the industry rather than contract it. Methods of cost absorption which are available and which will undoubtedly be applied by management will, I find, more than offset any increases in wage costs which may result directly or indirectly from the minimum

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wage rates recommended for the Folding Paper Box and Set-Up Box divisions of the industry.[27]

If this were true, there would have been no need for the Wage and Hour Division. The facts are that the technical conditions for making folding boxes were entirely different from those in making set-up boxes. Folding boxes can be shipped flat; they therefore can enter a wide market and can be produced on a large scale. That is not so with set-up boxes. Folding box plants employed on an average 67 workers; set-up boxes, 36. Technical improvements associated with a widening market would probably increase employment, but technical improvements, primarily designed to save wages, would probably have the opposite effect.

THE TIME FACTOR IN THE WAGE DETERMINATIONS

A standing explanation for the generally inadequate treatment of industries as they came up for consideration was the pressure of time; the longer decisions were delayed, it was implied, the more workers stood to lose, for the decisions could not be made retroactive. The facts, however, do not support such an explanation. Table B gives the industries considered during the first three years of the life of the Wage and Hour Division, the dates on which the industry committees were appointed, and the dates on which the new rates became effective. Only in the case of enameled utensils, an industry in which only about 6,000 persons were employed, did the deliberations run five months; in the case of all the others, the deliberations ran six months or more, and in apparel for nineteen months. Within such periods of time the industries could have been adequately studied.

The difficulty was that the research branch was from the very beginning inadequately staffed and, for the first two years, was dominated by the textbook notion of " research ", according to which, particularly in the social sciences, all available information on a subject is supposed to be summarized and put down as being true under some conditions, but not under others.

[27] Findings and Opinion of the Administrator, May 29, 1941, p. 57.

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TABLE B

NUMBER OF MONTHS BETWEEN THE DATES ON WHICH INDUSTRY COMMITTEES WERE APPOINTED AND DATES ON WHICH WAGE ORDERS BECAME EFFECTIVE

Number of industry committee and name of industry	Committee appointment date	Effective date of wage order	Number of months between appointment and effective date
1. Textiles	Sept. 13, 1938	Oct. 24, 1939	13
1A. Wool	Jan. 7, 1939	June 17, 1940	18
2. Apparel	Dec. 19, 1938	July 15, 1940	19
3. Hosiery—seamless	Feb. 1, 1939	Sept. 18, 1939	8
" full-fashioned	Feb. 1, 1939	Sept. 18, 1939	8
4. Hat	Mar. 7, 1939	July 1, 1940	16
5. Millinery	Mar. 7, 1939	Jan. 15, 1940	10
6. Shoe manufacturing and allied industries	Mar. 16, 1939	Apr. 29, 1940	13
7. Knitted outerwear	Sept. 18, 1939	July 1, 1940	9
8. Knitted underwear and commercial knitting	Sept. 18, 1939	May 6, 1940	8
9. Railroad carrier	Nov. 2, 1939	Mar. 1, 1941	16
10. Leather	Feb. 16, 1940	Sept. 16, 1940	7
11. Pulp and primary paper	Feb. 16, 1940	Sept. 16, 1940	7
12. Carpet and rug—wool other than wool	May 15, 1940	Mar. 17, 1941	10
13. Luggage and leather goods	May 14, 1940	Jan. 6, 1941	8
14. Converted paper products	July 8, 1940	June 30, 1941	12
15. Embroideries	July 17, 1940	Jan. 27, 1941	6
16. Portable lamp and shade	Oct. 26, 1940	July 1, 1941	8
17. Jewelry	Oct. 23, 1940	Apr. 24, 1941	6 [a]
18. Enameled utensils	Nov. 26, 1940	Apr. 21, 1941	5
19. Drugs, medicines, and toilet preparations	Dec. 20, 1940	July 7, 1941	7

[a] Recommendation of committee disapproved.

Such a notion was obviously unsuited for dealing with issues arising before the Wage and Hour Division, and resulted in a staff equally unsuited, from the point of view of sheer numbers, for dealing with them.[28] If it was enough simply to summa-

[28] This is in no way intended as a reflection on the staff of the research branch; it was simply not organized to do an effective job. Most members of the staff were, according to civil service classification, junior and assistant economists with a training about equal to that of graduate students. A few older men, in addition to undergraduate degrees, had had some odds and ends of office experience in one industry or another — shoes, furniture, drugs, etc. There was no one in the branch who knew anything about the technical developments that were occurring in industry, beyond the widest generalities, either on the mechanical or managerial side, although the Wage and Hour Division was created to deal with just such developments. There was no one

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rize available information on the economic features of an industry, whether the information had any bearing on the issues at hand or not, then one person, possibly with an assistant, was enough to cover an industry in three to six months. Thus one person covered rugs; one at different times, shoes, leather, luggage and leather goods; one with an assistant, paper products; one with an assistant, railroads. Since much of the available information was only remotely connected with the issues at hand, it was presented as hanging in mid-air, but presented, nevertheless. Thus the number of incorporated and unincorporated business units was shown, without showing what difference that made in wages; the number of plants which marketed their own products, the number that marketed through wholesalers, or retailers, without showing what difference that made in prices or wages. Except for the vague terms in which competitive factors given in this way can be generalized, the mere statement of a numerical difference between incorporated and unincorporated business units was worse than useless. This was equally true of the enumeration of marketing channels, without showing how particular channels were related to particular commodities and prices. Such information was subsequently eliminated, but nothing was put in its place. Since the summer of 1940 the research branch has been doing what is ordinarily done in an examiner's office.

THE WIDER IMPLICATIONS

Since the Granger days in the seventies of the last century, both the legislative and judicial arms of the government have been told that they were not equipped to deal with the highly detailed and, at times, technical problems confronting a modern industrial society and that these problems could best be handled

who knew anything about labor in relation to costs, or the ways of finding out. There was no one who knew anything about the relation between transportation and marketing areas. There even was not enough technical experience on the staff to determine properly the added wage bill from any change in the hourly rates. Thus during the first year of the life of the Wage and Hour Division, the added wage bills were computed without counting the hours worked, in spite of the fact that the hours worked at the time, in some instances, varied from 50 to 150 per cent of the average.

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by special administrative agencies possessed of semi-legislative and judicial power. As to the legislative power, the administrative agencies are said to be within the constitutional separation of powers so long as they, according to the facts which they are permitted to find, simply carry out the policy expressed by the legislature; and as to the judicial power, so long as they, in carrying out the policy, do so according to law. The significant function of the administrative agencies is in the finding of fact; if they do not do that adequately, they not only destroy their own usefulness, but encroach on the legislative and judicial functions of the government.

The finding of fact cannot be done according to absolute standards, but certain standards prevail in the various professions which may be taken as a basis for judging the findings. In determining a classification and in establishing a wage for that classification the Wage and Hour Division was directed to consider, among other things, competitive conditions as affected by living, transportation and production costs. Although the problems are elusive, the various professions—economics, engineering, accounting—which are concerned with one phase or another of these problems have through the years built up certain techniques for cross-checking their findings. On such a basis, only the wage data of the United States Bureau of Labor Statistics could pass muster; and the Bureau's cost of living data, despite a deficiency in sampling, possibly might be acceptable. None of the evidence on operating costs, material costs, labor costs, transportation costs, standing by itself or in relation to wages, either on a nation-wide or regional basis, could qualify professionally. Most of it was partisan and contradictory, and if true was true only as a possibility in a long chain of possibilities without any indication of the preponderance of one over the other. In spite of the fact that its determinations have the force of law, the Wage and Hour Division has not, in general, penetrated the wage problem much beyond the work of the arbitration boards called in for the occasion.

E. B. MITTELMAN

WASHINGTON, D. C.

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REVIEWS

Geopolitics: The Struggle for Space and Power. By ROBERT STRAUSZ-HUPÉ. New York, G. P. Putnam's Sons, 1942.—xii, 274 pp. $2.75.

Geopolitik: Doctrine of National Self-Sufficiency and Empire. By JOHANNES MATTERN. Baltimore, The Johns Hopkins Press, 1942.—139 pp. $1.50; cloth $2.00.

Here are two small volumes on the much discussed topic of geopolitics. They outline the general subject matter and examine the more spectacular Teutonic variation of this discipline in its historical perspective. The German talent for making simple things obscure and the American reluctance to spend time on semantics and methodological analysis have so far prevented recognition of much that is valid and significant in the large body of European literature that goes under the name of geopolitics. It is therefore reason for rejoicing that these two authors have taken the trouble to introduce the subject to the American reader. The fact that they have not succeeded in dispelling all confusion about the nature and function of this body of thought is due, not to the inadequacy of their presentation, but to the fact that there is as yet no consensus of opinion about terminology.

It is unfortunate that the term geopolitics is applied to at least three different intellectual processes that ought to be kept separate and distinct. It is sometimes used as a synonym for political geography, that is, the study of the relations between geographic and political phenomena and of the expansion and contraction of states. The word is also used to designate that type of analysis which must inevitably precede the formulation and execution of policies involving a choice of location for action and an awareness of the qualities of space relations. In this sense, geopolitics becomes a name for one of the most basic of intellectual activities. It refers to those mental processes which are involved in playing chess and checkers and other games where the terrain is abstract and formal and pawns have arbitrary values. It is this same type of mental activity which we use when we cross a street, select the site for a shop or a factory, designate a hill or a tree for an artillery observation post, or choose the

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location of an airfield. Geographic analysis of this character is an essential part of all urban and regional planning and must precede the preparation for all military campaigns whether they be on the scale of a cavalry reconnaissance across the hilltops or on the scale of continental invasion in global warfare. Wise statesmen make it an integral part of their political strategy in peacetime as well as of their military strategy in wartime.

Geopolitics has also a third meaning. It then refers neither to a social science nor to a form of geographic analysis, but to a political philosophy, a theory about the nature of the state and a doctrine about the need and the desirability of territorial expansion. It is in this third form and particularly as adopted by National Socialism that geopolitics has been brought most forcefully to the attention of the American people.

Dr. Strausz-Hupé has divided his admirable introduction to the subject matter into two parts. Book One deals primarily with geopolitics as a political doctrine while Book Two is devoted to a presentation of political geography and the geographic analysis involved in global warfare. In this section there is a discussion of the concepts of space and location, a brief treatment of frontiers and buffer states, and a brilliant analysis in a few pages of the great controversy over the merits of sea power and land power as instruments for world dominion. The author rightly selects, as the great protagonists in the debate, Admiral Mahan, who was a geopolitician in all but name, and General Haushofer, who elaborated into a system the weakness of the British position which had first been suggested by the American, Homer Lea, and by the British geographer, Sir Halford Mackinder. The latter had drawn attention to a number of historical instances in which sea power had been defeated by land power through the destruction of naval bases by invasion from the rear and had warned against the danger of German control over the center of the Eurasian land mass. The former had stressed the fact that the emergence of military power along the coasts of Asia would inevitably weaken the position of Great Britain. Both ideas impressed Haushofer and his colleagues, and the problem of neutralizing the British sea power which had contributed so greatly to the defeat of Germany in the first World War became the perennial research project of the Geopolitical Institute at Munich.

The first section of Dr. Strausz-Hupé's book deals with geopolitics as a political philosophy. The author states in a clear and lucid manner the component ideas of the doctrine and traces their historical

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antecedents. Most basic of these is the concept of the state as a territorial organism. Hegel had prepared German thought for the idea of the state as an individual and this metaphysical doctrine was transformed in the latter part of the nineteenth century into a conception of the state as a biological organism. Adoption of this biological analogy then led to the acceptance of Darwin's idea of the survival of the fittest. Darwin had stressed the fact that a wide geographic distribution aided a species in the struggle for survival and it came to be held that similar advantages would accrue to the state from the occupation of large territory. The specific geopolitical formulation of this doctrine derived from Friedrich Ratzel, the father of modern political geography, who claimed to have discovered seven laws of the growth of states and who formulated the thesis that "large space maintains life." This was elaborated by Rudolf Kjellen, a Swedish political scientist who coined the name geopolitics, and it was popularized by General Karl Haushofer, who became professor of geography and military science in Munich after the last war and decided to devote himself to re-educating the German people to their imperial destiny. Territorial expansion was explained as a manifestation of a natural law and postulated as a natural right. *Lebensraum* became the "legitimate" objective of German foreign policy.

The small volume by Professor Mattern deals almost exclusively with geopolitics as a theory of the state and covers therefore much the same ground as the first half of the study of Dr. Strausz-Hupé. The author has long been a student of German political and legal theory and it is not surprising that he should analyze the historical antecedents of modern geopolitics in much greater detail. As a political doctrine, it has often been called the "Marxism of the Right", and Dr. Mattern points out how applicable has been that phrase particularly since geopolitics was taken over by the National Socialists and given a revolutionary twist. Geopolitics, like Marxism, became a complete *Weltanschauung*. It developed both a political philosophy and a philosophy of history, and formulated a dialectic as well as a revolutionary ethic. The class struggle for material welfare was translated into a struggle between the proletarian and plutocratic nations for space and raw materials. The theory of the inevitability of the social revolution was transposed into a doctrine of inevitable war.

Both these volumes serve as excellent introductions to the study of geopolitics but will appeal to different types of reader. Professor Mattern offers a more exhaustive treatment of the historical back-

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ground but his style is apt to discourage those whose interest is not primarily in the history of political theory. Because Dr. Strausz-Hupé writes vividly, he has managed to give his book a lively character that should appeal to a wider audience.

NICHOLAS JOHN SPYKMAN

YALE UNIVERSITY

Behind the Urals. By JOHN SCOTT. Cambridge, Houghton Mifflin Company, 1942.—ix, 279 pp. $2.75.

Early in the book, John Scott points out that "ever since 1931 or thereabouts, the Soviet Union has been at war." He quotes Stalin's blunt speech in February 1931: "We are fifty to one-hundred years behind advanced countries. We must cover this distance in ten years. Either we do this or they will crush us." The Soviet leader did not specify at the time just what "advanced nations" he had in mind, but to the average Soviet citizen the imminent threat was then Japan. There was only one way to meet that threat: speed up the program the First Five-Year Plan had inaugurated—the building up of heavy industry, the creation of new industrial bases capable of equipping and arming the country and located far from the frontiers, out of reach of eventual invaders. From 1931 the "battle of steel" was on. It was a race against time.

In 1932, John Scott went to the Soviet Union. He had finished college in the black years of the depression. He was restless, he wanted to see the world and he wondered whether the Bolsheviks might not have "found the answer to at least some of the questions Americans were asking each other". He had learned a trade, he had youth, enthusiasm and the willingness to work. Had he known it, there could have been no better angle of approach to the country he set out to discover. Today, ten years later, he has written one of the most revealing books that have yet come out of Russia.

For five years, John Scott worked at the iron and steel plant in the new industrial city of Magnitogorsk, the western wing of the giant Ural-Kuznetsk Combine and the most important of the two hundred and more enterprises built and put into operation during the thirties in the Ural industrial district. He worked as electric welder, foreman and at last as chemist in the coke and chemical by-products plant. He shared with thousands of Russian workers intense hardships which many endured "willingly, with boundless enthusiasm" while they built and operated the great plant that today is helping to supply the Red armies with tanks, guns and munitions.

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The building of Magnitogorsk reads like some immense, grim saga. It starts with the bare rolling steppe, the twin cones of the Magnetic Mountain, and a population of semi-nomad Bashkirs and Kirghiz. In 1913, mining operations were still primitive. Sleighs carried the iron ore to a small smelting plant seventy miles away. Ore production never exceeded 50,000 tons a year (now produced in two days). This was to be the site of the "biggest continuous mine-to-rolling mill metallurgical combination in the world" according to the original project. It was to cost over two and a half billion roubles. The plan also called for the construction of a model city for two hundred thousand inhabitants, costing another billion. In 1938 when construction virtually stopped, forty-five per cent of the plan had been fulfilled.

Magnitogorsk's "battle of steel" began with a one-track railroad laid down on sand-ballast across the bare steppe. Over it had to come lumber, construction materials, machines, fuel—and food for 180,000 persons. A few hundred foreign engineers and specialists, a larger staff of Soviet engineers and office workers, a minority of skilled workers and many thousands of unskilled (including disfranchised Kulaks, political prisoners and convicts) made up the population. Foreigners and technicians lived in relative comfort. Labor was lodged in tents, mud huts, barracks. There was a shortage of everything, from labor to lumber to food. Men worked through blazing heat and winter cold, on a diet of black bread and watery soup. The tempo was terrific. Men had to be trained as they worked. There were incredible blunders, accidents due to negligence, ignorance, stupidity. There were heroism and untold suffering and tremendous waste. In the end, Magnitogorsk was built.

Of all this, John Scott gives a vivid, moving picture, remarkable in its objectivity and refreshingly free from polemics. He conceals nothing; he relates. He gives the picture as he saw it, complete in its highlights and shadows. His own story, never in the foreground, runs through it all like a continuous thread. The picture is continually changing—a reminder of how difficult it is to write accurately about Russia. What is true on one day is no longer true the next. Today precious machinery is dumped from freight cars like sacks of wheat and left in the rain to rust; tomorrow these machines, other machines, are in place and working. Scaffoldings fall and are replaced. Jerry-built walls collapse and rise anew. Men fall from icy platforms, are crushed by girders, die of cold—other men work on, eight to twelve hours in the plant, and at night attend school.

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The teamster from the steppe must learn to pour concrete, handle structural steel, tend open hearths and rolls. Time is short; the "battle of steel" is the battle for Russia's future.

The purges of 1937 and 1938 swept through Magnitogorsk. There, as elsewhere, a certain number of spies, saboteurs and potential fifth columnists were exiled or shot and "many more innocent men and women were made to suffer." Foreigners, no longer wanted, left the country, declaring that the end had come, that the best brains in Russia had been sacrificed. In Magnitogorsk, men squared their shoulders and worked on. They had weathered other storms.

It is not only the story of the plant they built—an amazing, not to say miraculous achievement—that holds the reader of John Scott's *Behind the Urals*. More important still, in the light of what is happening today, is his understanding picture of the builders, "the common soldiers, the steel workers, the simple people who sweated and shed tears and blood" in the battle for steel on the steppes of the Ural. Reading his book, we find ourselves saying: before Sevastopol and Stalingrad, there was Magnitogorsk.

IDA TREAT

NEW YORK CITY

Night over Europe: The Diplomacy of Nemesis, 1939-1940. By FREDERICK L. SCHUMAN. New York, Alfred A. Knopf, 1941. —xv, 600, xix pp. $3.50.

This is a remarkable attempt at contemporary history. Skilled in the assessing of things just passed, and with the narrative gift of the high-class journalist, Schuman presents on a broad and detailed canvas the myriad events which crowded the pages of world news in the twenty-four months of which he writes. He is well aware of the pitfalls of such an undertaking. Yet he proudly recalls Voltaire's comment of more than two centuries ago: "He who writes the history of his own time must expect to be attacked for everything he has said, and for everything he has not said; but those little drawbacks should not discourage a man who loves truth and liberty, expects nothing, fears nothing, asks nothing, and limits his ambition to the cultivation of letters." Perhaps Schuman does not thus limit his ambition.

Schuman's treatment is set within the stern conviction that this war is being waged for mastery of the world. "The central issue of power politics", he writes, "is the issue of who will unify the world. The question will be answered by arms . . . . Those who will win will rule the world . . . those who will lose will become subject peoples and

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be stricken from the list of nations . . . . Those who triumph will be masters of all. Those who falter and fail will be left with nothing" (p. 584). And he sees three great contestants for this world mastery: communism, fascism and democracy. He gives no conclusive answer to the question of who stands to win. All he insists upon is that the fittest will do it. But there is no mechanical determinism hidden here; for Schuman's fitness is the result of reconciling ideals with facts. His is a hard-headed belief in exertion and struggle.

Against this background of general conviction concerning politics as *res dura,* Schuman portrays the swift passage of events with remarkable balance and skill. In analyzing, for example, the tortuous path of diplomacy that led to the Nazi-Soviet pact, Schuman unravels the conflicting strands of purpose and surmise and succeeds in making quite clear why Stalin might, and why Hitler was bound to, make that agreement. He minces no words in stigmatizing Stalin's error of judgment, yet makes it quite comprehensible how this error occurred. Stalin, along with the West, overestimated the fighting strength of France and England.

In developing his material, Schuman is not "choosy" about his sources. He does not hesitate to recount rumor, but at the same time clearly designates it as such. The elaborate guesses, the fine-spun reasoning of diplomats and "foreign observers", he compresses into compact alternatives of policy, as when he points out that Stalin, in the summer of 1939, had to face four alternative lines of possible development: "(1) a united attack by all the bourgeois Powers on the Soviet Union; (2) a Nazi attack on the U.S.S.R., condoned by the neutral Western Powers; (3) a bloc of the Western Powers and the Soviet Union against the Reich to prevent any further aggression or to insure German defeat if it were attempted; (4) a German attack on Poland and the Western Powers, condoned by a neutral Soviet Union." And he coolly remarks, "that the fourth possibility finally materialized does not prove that it was from the outset envisaged as the most desirable one by the Kremlin" (p. 244).

It would be pointless, even if space permitted it, to comment upon minor disagreements. There are bound to be some in regard to a work that is written with such pointed acumen on so highly controversial a subject. Perhaps one might take solace from the fact that such disagreement is not very likely ever to subside. But on major positions this reviewer believes later historians are likely to bear out Schuman's analysis. Nor is there much question that he is right in saying that "the War of the World Revolution will be won only by

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those who are revolutionists and by those who are more dynamic and imaginative than their enemies in their ardor to change the world."

Is Schuman hopeful that such revolutionists will lead the United Nations? Hardly. While he would not bar the possibility of an internal regeneration, he seems on the whole inclined to fear the victory of the fascist Caesars. "Where wisdom and will are lacking, miracles are rare", he writes; and yet he means his dirge to be a challenge. Like the Jewish prophets of old, he wants to arouse us by holding a mirror up to our faces. "I give you one last chance", he seems to cry. Such history is a far cry from the genuine pessimism of a Thucydides, from the contemplative speculation of a Ranke. It is history as a weapon in the fight for a new world.

CARL JOACHIM FRIEDRICH

HARVARD UNIVERSITY

The Economics of Total War. By HENRY WILLIAM SPIEGEL. New York and London, D. Appleton-Century Company, 1942.—xiv, 410 pp. $3.00.

A book on the economics of total war should be of interest to two types of readers: (1) the group known as "intelligent laymen" who want to understand better the disturbances in our economic system resulting from war, and who want to form a more intelligent opinion of economic policies which have been put into effect to help win the war; (2) teachers who are looking for a good textbook for undergraduate classes.

For the first group this book will be disappointing. There are only four or five major questions of an economic character about the war which worry the intelligent layman. He wants to know: (1) can we prevent inflation, (2) how can the real cost of the war be equitably apportioned among the various economic and social classes, (3) can we avoid a depression after the war, and (4) what new international institutions of an economic character can be devised in order to make the peace more permanent? Dr. Spiegel touches on all these questions but, because he has in mind principally the second group of readers and the demands of a standardized undergraduate course in economics, he is unable to present a full-length, satisfactory discussion of any of them.

In somewhat less than 400 pages of text he has attempted to treat the theory and practice of the control of prices, wages, profits, wartime finance, international trade, and the control of production and

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consumption, giving not only the experience of the United States during two world wars, but also that of Germany and of the United Kingdom. Then, for good measure, he has supplied a preliminary chapter on the economic causes of war and a concluding chapter (seven pages) on the aftermath. In order to cover this enormous territory the author has had to perform Herculean tasks of condensation and of arbitrary selection and omission. For example, the question whether a post-war government debt constitutes a real economic burden is summarily disposed of in scarcely a page of type. The cessation of trade with Japan in the summer of 1941 and the relation of this move to the opening of hostilities in December are inadequately treated. No mention is made of the coöperation of the United Kingdom and the Netherlands which was necessary to make the embargo effective.

It is misleading to use the phrase "total war" in the title of a book dealing with American conditions as they existed up to January 1942, because total war in the United States did not begin until after Pearl Harbor. Until that time, our policy was devoted to producing both guns and butter. The big events in American policy, such as the lend-lease agreement, the rationing of consumers' goods, and the stabilization of prices and wages, have all been put into effect since Dr. Spiegel finished his manuscript.

In the hands of a competent teacher, who is capable of supplementing the text and who knows how to expand the significant matters of economic theory which Dr. Spiegel has had opportunity only to touch upon in passing, this book would be valuable. Although the author's comments on many important matters are necessarily brief, they are not superficial. His footnote references and extensive bibliography could be utilized in guiding the student toward useful reading on selected topics.

The sense of dissatisfaction, with which the perusal of this book leaves the reviewer, should probably not be vented on the author, but rather on the system of instruction which stimulates the production of a flood of textbooks. Dr. Spiegel is obviously a competent writer who is well grounded in economic theory. Had he devoted his talents to the rigorous examination of the relatively few, but nevertheless grave, problems with which the intelligent layman is concerned, he would have produced a book of much more value to the student of the economic aspects of this war and of future wars.

COUNCIL ON FOREIGN RELATIONS
NEW YORK CITY

PERCY W. BIDWELL

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Paying for Defense. By A. G. HART, E. D. ALLEN and Others. Philadelphia, The Blakiston Company, 1941.—viii, 275 pp. $2.50.

This excellent volume deals especially with the problem of raising the revenues to pay for defense. The objective is not merely to keep the public debt down but also to prevent a great inflation. The authors are skeptical of the contributions to be expected from voluntary loans or from controls of various kinds. Above all, taxation must do the job.

Professor Hart has been in the vanguard of those who have fought for collection at the source, flexibility in taxation, recourse to heavy income taxation, opposition to the sales tax. He has played no small part, both as a writer and intellectual lobbyist, in pushing correct measures of finance. That Congress now is prepared to introduce a withholding tax is in no small part a tribute to Professor Hart. In this volume, the authors emphasize the great danger of relying on a tax system which yields its revenues one to two years after the imposition of new taxes. In periods of inflation when decisive measures must be taken quickly and must prove effective in the shortest possible time, delays in collection are especially costly.

The volume under consideration includes many treasures: a concise and well-rounded discussion of alternate sales taxes; the effectiveness of various taxes in reducing spending by x dollars; the effect of sales and income taxes on consumption of various income groups; the relationship between evasion, exemptions, earned income, credit, etc., and the yield of income taxes; the increase of yield associated with changes in exemptions, removal of earned income credit, inclusion of non-cash income, separate returns, etc. In particular, the authors propose not only collection at the source but also adjustment of rates according to an index of prices. As inflation threatens, tax rates and collection will automatically rise to the extent required to prevent any significant inflationary movement.

Paying for Defense appeared before Pearl Harbor. The estimates upon which the main arguments rest are already out of date; and when this review appears, they will be even more outmoded. Tax programs will vary greatly as the volume of spending rises. Taxes of $15 billion will not be appropriate when the budget rises to $80 billion. Yet the fundamental principles enunciated by Dr. Hart and his colleagues are as true today as they were in June 1941. They undoubtedly are too optimistic concerning the efficacy of fiscal measures in the control of inflation. They underestimate the importance of

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controls. Inflation will not be mastered by the use of fiscal measures alone; nor by recourse to controls exclusively. The requirements are adequate fiscal measures, control of prices and rationing where specific scarcities of essential commodities are found. The coverage of price-fixing and rationing will depend, moreover, upon the excess of demand over supply at existing prices and this will be related in turn to fiscal policy. As taxes and loans siphon off more excess purchasing power, the pressure on all markets is reduced and the need for controls diminishes. To Dr. Hart and his colleagues at Iowa State College, the country owes a great debt for their vigorous efforts to study the tax problem and to broadcast their views to Congress and the country. Our tax program is, I am sure, more sound as a result of their efforts. We need flexibility, large taxes, collection at the source even more now than when they first preached their message in 1941.

SEYMOUR E. HARRIS

HARVARD UNIVERSITY

Europe, Russia and the Future. By G. D. H. COLE. New York, The Macmillan Co., 1942.—vii, 233 pp. $2.00.

This book is based on the supposition that the future belongs either to Nazism or to Socialism, that capitalism and representative democracy are henceforth impossible. This notion flourished widely before the collapse of the "popular front", before the Nazi-Soviet pact; its attempted revival is frankly ascribed to Russia's participation, however unwilling it may have been, in the war. Some might suppose that the titanic struggle between the rival totalitarian states could only, as a result of their mutual exhaustion, redound to the advantage of the "liberal", "capitalist" democracies, the more so since at the time this book was written the United States had not yet openly entered the struggle. But Mr. Cole is not so cynical.

Avowedly, this book was written to catch the tide. Perhaps this haste explains the insertion (p. 33) of a definition of "capitalism" which forms no part of the author's thinking. What Mr. Cole really means by "capitalism" is any system based on private ownership of the means of production; conversely, state ownership is "socialism". The clearer, less legalistic, analysis which underlay Lenin's acknowledgment that state socialism and state capitalism are one and the same does not penetrate these pages. Mr. Cole's concepts are basically reactionary, in terms of the fast disappearing times when management and investment were still firmly wed, when wages of manage-

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ment, as distinct from dividends, had not yet come to the fore as a source of "private profit". He seems quite unaware that in the Soviet Union, as elsewhere, it has been found necessary to pay private citizens for the mere use of their capital, only dimly aware that wages of management are not at all on the same footing as wages of labor. He assumes that "use", not "profit", is the gauge of production; he ignores the substitution, in the new Constitution, of the slogan "To each according to his work" for that of "To each according to his needs". He deplores, but regards as irrelevant, the "political" aspects of what he recognizes as a "totalitarian" régime. He seems to have made no study of the functioning of state capitalism in the Soviet Union; he simply accepts the assertion that the Soviet Union is "socialist", for Mr. Cole's socialism is of the too-many-milk-wagons-in-one-street school, not of a brand that demands freedom for the worker.

To his plea for "socialism" in the sense of vesting in the state dictatorial powers over all things economic, the author couples an argument for "supra-national" organization patterned after the fashion of the Soviet Union. Anxious to "think realistically", Mr. Cole refrains from the dream of a United Europe as over-ambitious for the immediate future. He would be content with a tripartite Europe: Eastern Europe, dominated, as at present, by the Soviet Union; Central Europe, including the Balkans, by a revolutionized Germany; Western Europe by Great Britain and France. He fears that Great Britain, under Churchill's guidance, may reject coöperation with France and prefer vassalage to America. His prescription for the German revolution is meticulous: it cannot result in a "liberal" parliamentary system; that is not in the German nature, nor are the Balkans ready for it; it must therefore be a "socialist" soviet revolution; under certain circumstances it might be best to assign this area to the sphere of the Soviet Union.

Mr. Cole concludes his "uncompleted process of thinking aloud" by rejecting representative government, universal suffrage, and other devices of "capitalist" régimes. Modern England is ruled by a bureaucracy, competent and honest, but not democratic. Representative government is a fraud, for "one man can't represent another—that's flat." Democracy, indeed, is not possible for large states, for democracy entails loving your neighbors; if you do not live near enough to know how a man gets on with his wife, you remain "cold as a fish" toward him. Apparently irrespective of how the central authority be organized, democracy exists if, and only if, there be

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neighborhood soviets, each freely discussing (by compulsion if necessary) communal affairs in its little Moot Hall. "I think", writes Mr. Cole, "it should include a place where children could amuse themselves, and be left in charge of somebody when their parents are away."

In sum, this book is not a serious treatise on political science nor an informed essay on history. It is simply a piece of wishful writing by a very nice man, who would like to see this war end in the triumph of the Soviet Union, but not of the United States.

JESSE D. CLARKSON

BROOKLYN COLLEGE

Design for Power: The Struggle for the World. By FREDERICK L. SCHUMAN. Maps by GEORGE D. BRODSKY. New York, Alfred A. Knopf, 1942.—324 pp. $3.50.

Design for Power is a most creditable survey in text and maps of the history of the second decade of the long armistice between World Wars I and II. The theme of the volume is that "appeasement invariably leads to war and brings the appeasers to ruin." The atmosphere of the volume is that of "a sky black with chickens coming home to roost." From the "Mukden incident" to Pearl Harbor, the forays of the totalitarian marauders and the paralysis of the democracies are reviewed in bitter retrospect.

Structurally, the volume is organized in seven sections, each devoted to one of the principal Powers—Japan, Italy, Germany, France, England, Russia and the United States. In each section a rapid review of the historical, political and social factors that motivated or conditioned the external policies of the country is followed by a fairly detailed narrative of the actions in which government and people were involved in their world relationships. The facts are not new, but the style is vigorous and makes a real impact upon the reader. Outstanding are the chapters on Germany, England and the United States. Although each chapter recapitulates the principal events and international crises of the era, the reader is not conscious of having traveled the same road seven times.

Dr. Schuman pulls no punches, and "Appeasolationists" receive blows quite as hearty as those dealt to "madmen" and "tawdry Caesars". Those who have followed the author's publications in recent years appreciate that he is in a position to say "I told you so" to a very large number of people. Years hence historians, with fuller

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records at hand, will assuredly be puzzled as to why some contemporaries saw so clearly, why some were so purblind, and why the latter prevailed until they were overrun by events. In this respect it is doubtful if any other decade in modern history offers even an approximate parallel.

More controversial, than the diagnosis of the past, is the program for the future. This is contained in an addendum, "Preface to Victory: 1942", written after Pearl Harbor. Assuming that the peoples opposing the Axis will not make an all-out effort just to restore the past of 1919 or 1939, Professor Schuman presents a closely and eloquently reasoned argument for a War of Liberation inspired by a proclamaton of aims that will supply the war effort with a revolutionary drive. More concretely, he proposes an immediate union of the Atlantic democracies as the nucleus for a new organization of power. This union of "Atlantic Civilizations" is to be associated, under a new League Covenant, with Russia, China and India, and with other peoples as they qualify for membership. This, the author believes, would set the goal which the free peoples need for victory and would assure a viable world order after the war. These are the minimum requirements of "winning the war and the peace at smallest cost and guaranteeing the future against a repetition of the tragic irresponsibilities of 1919-1939." Whether Professor Schuman's *Design for Power* is realized or not, every reader of this book will be indebted to him for a piece of incisive writing and bold planning.

ORON J. HALE

UNIVERSITY OF VIRGINIA

Ten Years: The World on the Way to War, 1930-1940. By DWIGHT E. LEE. Boston, Houghton Mifflin Company, 1942.—xviii, 443 pp. $3.75.

This book is a sound review of diplomatic events, with some faults but substantially more virtues. On the whole it adheres to the chronicle rather than the interpretative school of history.

Among the faults or, it would be more correct to say, the limitations is an occasional dogmatic statement that would be difficult to support. For example, it is stated (p. 38) that "The final terms [of the Treaty of Versailles] were far more onerous and harsh than Germany *had been promised* by the actual conditions of the Armistice." A careful reading of the so-called Lansing Notes, particularly the last two,

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would certainly not justify so extreme a statement. The bibliography, seriously marred by the complete absence of International Labor Office publications and the omission of most League publications, gives an impression of superficiality that the book fortunately dissipates. The heavy concentration on international diplomatic events occasionally betrays the author into sweeping generalizations about developments within individual countries which are not only incorrect but which are elsewhere correctly contradicted by the author himself. At one point (p. 79) he implies that the entire French Right was fascist in sympathies; elsewhere he recognizes that the Right was in fact very divided in its outlook and included some of the staunchest opponents of fascism. There will be readers, among whom this reviewer must confess that he belongs, who would prefer the omission of a few conferences to make room for a more solid consideration of the economic aspects of Europe. Now and then the author states as a fact what can at the present time be only a guess; but he does this so infrequently that his few lapses in this respect should undoubtedly be accounted virtuous, not listed among the faults. The temptation, of course, is great, and, considering the extent to which other historians have fallen, Professor Lee is to be congratulated for his generally firm resistance. Finally it must be said that the book is not exactly sparkling, though the style is always clear.

But this list should not be taken too seriously, for it is certainly only just to repeat that the virtues are definitely predominant. Chief among these, and indeed very important, is the fundamental sanity of the book. As the author freely admits, he has his prejudices, but these do not obscure his ability to record. He recognizes, for example, the post-war friction between Great Britain and the U. S. S. R. was not based solely, as some would have us believe, on Tory dislike of communism, but was rooted in far older causes of conflict that existed irrespective of forms of government. The author—and this is the real test—though his sympathies and prejudices are definitely anti-Chamberlain, can, nevertheless, understand that Chamberlain was trying to preserve peace and to settle reasonable grievance, however stupid his methods, and was not just working for the interests of a small, selfish class. He observes, again against his prejudices, that generally speaking it was the Left, almost everywhere, that opposed the rearmament needed to deal effectively with Hitler. It is this honesty, this sane outlook, that is the book's chief and indeed sufficient claim to regard. It is, also, within its limits of space and focus, thorough and as complete as such a work can be.

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While neither exciting nor inspired by brilliant interpretation, this record of diplomatic events during the years 1930 to 1940 should be useful either as a reminder to those who have followed closely the events of that period, or as an introduction for those who wish to commence serious study.

GEORGE WOODBRIDGE

WASHINGTON, D. C.

Collective Bargaining Contracts: Techniques of Negotiation and Administration with Topical Classification of Clauses. Washington, The Bureau of National Affairs, Inc., 1941.—vi, 734 pp. $7.50.

This book is designed as a sort of first-aid and pocket-companion for the negotiators of labor contracts. As such, its publishers no doubt hope that it may be usefully employed during the process of negotiating such contracts by all of those who participate in the bargaining process, whether they be representatives of labor or of management.

The bulk of the book—538 pages of text out of 700—is devoted to what is called a "contract-clause finder", which makes up Part II. It is a topical analysis of provisions in collective bargaining agreements. The clause-finder consists of verbatim reproductions of provisions of current labor agreements, classified by subject matter and cross-referenced in alphabetical order. The clauses reproduced were selected as typical or suggestive from 138 labor contracts, which in turn were combed out of some 2,000 others. The material in the clause-finder is supplemented in Part III by the reproduced full texts of thirteen important labor agreements. An elaborate topical index to the clause-finder and the agreements set out in full is appended, as well as a list of the 138 agreements topically analyzed in the clause-finder, with page citations to the points where provisions taken from them are reproduced.

The book is admirably organized and ought to be useful to labor-contract negotiators, on whichever side of the conference table they may sit. The thirteen agreements which are reproduced in full are described as "representative". Doubtless they are as typical as any list of thirteen contracts could be. All of them are important agreements. Yet it would seem that even so short a list ought to include one contract, at least, from the apparel trades. In those trades collective bargaining, and the more or less patient formulation and reformulation of contractual provisions incident to the process of bar-

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gaining, have had a much longer history than they have had in most of the industries represented among the published thirteen.

While the negotiator may well find the "clause-finder" the most useful feature of the book, he will be able more wisely to pick and choose among the clauses, to reject, select and adapt more intelligently—he will be likely, in other words, to do a better job as a negotiator for his company or his union—if he has first read Part I, which is devoted to a symposium by eight writers, under the general title, "Techniques in Collective Bargaining". A professor of industrial management opens with a collective bargaining "primer" in which he poses "ten points for negotiators". A brace of articles by two industrialists and two more by trade-union research directors outline bargaining policy and strategy from four (enlightened) points of view. A local of the United Mine Workers furnishes a "case history of a grievance". In the final contribution to the symposium Dr. John R. Steelman, Director of the United States Conciliation Service, tells the bargainers what to do when the bargaining breaks down.

Some wise and candid things are said in these prefatory discussions by both employer and union spokesmen. An anonymous employer, speaking of his bargaining strategy, emphasizes that it is a cardinal article of labor policy with his company "not to take advantage of our superior knowledge of the business to trick the union into a position it would not otherwise take" and to make it certain that the union realizes "that we have no intention of discrediting it with our employees. . . ." Another employer, director of industrial relations in a large manufacturing concern, suggests that the phrase, "that is a matter of principle with us", be eliminated from use in labor negotiations. He adds that when his company used those words, "we actually meant just this: 'we don't want to do it.'" The director of research of the Textile Workers Union of America points out that when the terms offered by the employer fall short of what the union asks, the union's negotiators "must then consider the desirability of recommending [to the membership] the agreement as offered or counseling economic pressure to compel the employer to change his attitude . . . [and] whether the unsatisfied demands are worth the sacrifice and danger of a strike."

One of the most interesting of the articles in Part I is the admirable piece of economic analysis contributed by Sumner Slichter of Harvard University under the title, "Good Bargains and Bad Bargains". Due consideration of Slichter's thoughtful, balanced evaluation of alternative contractual arrangements by negotiators should make them abler bargainers, whatever their allegiance. But this piece about

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good and bad bargains is a homily fitted to be helpful not only to the negotiator. It also is what the doctor ordered for the fellow who comes on the scene when negotiations break down—and for whose soul the erstwhile negotiators forthwith proceed to fight—the mediator and the arbitrator.

In a concluding section dealing with the "general economic effects of collective bargaining Slichter suggests (p. 65) that "Collective bargaining will probably produce a less favorable allocation of resources between agricultural and non-agricultural industries". He continues: "At the present time [he wrote—possibly months—before Pearl Harbor] far too large a part of our labor force and capital are devoted to agriculture . . . . The remedy for this situation is to move about 2,000,000 persons from agriculture to employments where they can produce goods that are in greater demand than farm products." He goes on to point out that the task of effecting such a shift is made more difficult by the spread of collective bargaining with its wage-raising tendencies.

Now that a war-controlled economy has supervened, the law of supply and demand stands amended if not repealed. The 2,000,000 whose shift from farm to factory Slichter deemed calculated to remedy the situation are now, thanks to the war-eclipsed law of supply and demand, by way of moving from the farms either to the factories or to the armed forces—and this in the teeth of widespread, collectively bargained boosts in the price of labor. We are getting what in peace times would doubtless be a more favorable allocation of resources between agricultural industries and non-agricultural industries—and we are getting our collective bargaining and our wage increases to boot! We are having our cake and, for the short-run, we are eating it too. Whether we shall have enough bread is another question.

P. F. Brissenden

Columbia University

Doors to Jobs: A Study of the Organization of the Labor Market in California. By Emily H. Huntington. Berkeley and Los Angeles, University of California Press, 1942.—xviii, 454 pp. $3.50.

There are few more interesting laboratories in the world in the field of labor economics and labor relations than that provided by California. (It seems that even in the labor field one must use superlatives when talking about this part of the United States.)

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Manufacturing, transportation and trade are diversified, and agriculture is very important; in other words, there is a great variety of jobs. Various also are the job-seekers, with respect to age, skill, race, and other traits.

These facts serve to establish the need for proper organization of the labor market, the need for a central, coördinated and coördinating agency with adequate facilities for bringing jobs and workers together. But there are other facts which affirm the need for such an agency, and these are the facts which this study has brought to light.

The method of investigation was almost entirely one of interviewing employment office officials, workers, employers, and others interested in or connected with placement work. There are very few statistics in the volume; yet one gets the impression of thoroughness and of basic fact. In the course of six months, two of which were spent in San Francisco, two in Los Angeles, one in Sacramento, and one in Bakersfield (and in the areas surrounding these centers), approximately 1,100 people were interviewed. These were distributed among government agencies (which include the California State Employment Service, relief agencies, and educational institutions); nongovernmental free agencies, such as social service groups, private trade schools, and fraternal orders; fee-charging employment agencies; labor contractors; trade unions; and employers' associations. The survey of labor market conditions was not confined to manual workers; it included also professional workers, sales persons, clerical workers, domestic service workers, and special groups such as juniors, veterans, and foreign groups.

In the words of the concluding chapter:

> This study has shown that the State Employment Service had accomplished little in terms of any real organization of the labor market [at least up until the time of the war emergency]. Two questions may be asked: What were the obstacles which prevented this agency from doing an effective job? What can be expected of the future? The obstacles were many. The most important were probably the lack of any general realization of the value of substituting centers for the exchange of labor for the custom of personal application, a very definite prejudice against employment exchanges in general and the State Employment Service in particular, the very magnitude of the job of setting up a new institution to serve vast numbers of employers and workers at a time when the market was flooded with workers and jobs were scarce, and the existence of vested interests in large numbers of competing agencies.

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The author recommends that the State Employment Service create special distributing points for the placement of sales and clerical workers, domestic workers, manual workers, and agricultural workers. She finds fault with the quality of the State Employment Service's personnel and recommends better selection and training. She doubts the wisdom of establishing placement arrangements which compete with already existing union hiring halls. And she emphasizes that the labor markets of California will never be organized without aggressive efforts by the State Employment Service to seek coöperation from all interested groups and to achieve a coördinated system of labor exchanges.

We have the author, the Heller Committee for Research in Social Economics, and the Rockefeller Foundation to thank for an excellent study of the California labor market.

CARROLL R. DAUGHERTY

HUNTER COLLEGE

Parity, Parity, Parity. By JOHN D. BLACK. Cambridge, The Harvard Committee on Research in the Social Sciences, 1942. —xi, 367 pp. $2.00.

This is an important book. Professor Black's theses are three: (1) that the welfare of society demands parity not only for agriculture but also for labor and capital, (2) that for their own good these three groups must begin to consider the national interest and not seek to secure special advantages each for itself, (3) that if the parity concept is to be retained as a national policy it should be based on annual income rather than on prices and hourly wage rates.

The purpose of the book is to acquaint the general reader with the development of the parity concept as applied to agriculture and its effect on other groups. Professor Black is wholly correct in his contention that non-rural groups are too ignorant of the implications of the agricultural programs of the last nine years for the rest of society.

While the author presents cogent criticisms of the present basis of parity determination for agriculture, he shows convincingly that agriculture over a long term of years has been underpaid in comparison with labor and capital, even though the 1909-1914 basis happened to be somewhat more favorable to agriculture than to other groups.

Several of the chapters are of high current interest. The interference of the Farm Bloc with the working out of the parity concept and their maneuvers in recent months to secure high ceil-

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ings for agricultural products are subjected to scathing, but well-documented criticism. Professor Black contends that agricultural prices and wages should not be allowed to rise further. He points out that even under such controls income will continue to increase because of longer hours for labor and increased output, sales and exports for agriculture. The discussion of inflation and its possibilities is good. A final chapter on "Foreword to After the War" suffers in comparison with the rest of the book, and in comparison with the best writing on this subject by others. It seems like a hurried afterthought that should have either had more attention or been omitted.

The author states that he is offering a readable book of "journalistic style". This is true only of a few chapters. Some, such as those dealing with parity by commodities, the geography of parity and others, will be heavy going for those not versed in the vocabulary of social science, and not interested in the details of parity working for agriculture. Now and then, some curious *ex cathedra* statements slip into the text, the more noticeable because of the careful marshaling and interpretations of the data throughout the book. The discussion of guaranteed prices is far too brief and would have profited by a summary of New Zealand's enlightening experience with this type of law. This reviewer also wishes that the opposition of the social scientists in the Department of Agriculture to some of the recent proposals of the Farm Bloc had been more explicitly stated for the benefit of urban readers.

But these are minor faults. The study is the most comprehensive and impartial to date of parity in agriculture. It also makes significant comparisons by careful and critical assembly of data from several sources of farm and labor incomes. In the battle against inflation food prices are pivotal. This gives agricultural policy its high national significance. It is for this reason that it is to be hoped that this book receives as wide attention outside of agriculture as inside. Indeed this reviewer nominates the volume to the Public Affairs Committee as worthy of one of its pamphlets summarizing important social research.

EDMUND DES. BRUNNER

TEACHERS COLLEGE
COLUMBIA UNIVERSITY

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Social Doctrine in Action: A Personal History. By Rt. Rev. Msgr. John A. Ryan. New York and London, Harper and Brothers, 1941.—vii, 297 pp. $3.00.

This is the autobiography of a great leader in social work in the eventful years in which it has come to maturity in America. This modest record, simple and factual, of the achievements from year to year through a long life, happily not yet ended, spent in devoted service as priest and theologian, college teacher and ardent citizen, for the common good, is most timely and welcome evidence of how Catholics and Protestants can and do work together in our American democracy.

Father Ryan, as he has always been familiarly known to those who worked with him in many associations, the National Conference of Social Work and others, academic, social and political, has never wavered in his loyalty to Roman Catholic tradition and teaching. Perhaps his greatest contribution to American social progress has been as an interpreter of that philosophy. He has won deservedly a national reputation by his rare gift of tolerance and understanding of non-Catholic doctrine and practice, and thereby has contributed also much to the growth and development of Catholic social thought in coöperative enterprises of his day and generation which have combined the best in both, emphasized the aims in common, and minimized the differences.

This book might very well have had the title "The Education of John A. Ryan", for it tells lucidly just how he arrived at the various stages in thought and action in dealing with some of the great social and economic controversies of the last half-century, child labor, minimum wage, industrial and labor disputes, unemployment, social security, to mention only a few of many subjects on which he spoke and wrote in no uncertain terms. One does not have to agree with all or any of his opinions and conclusions to derive constructive stimulus, a broader outlook, and keener appreciation of the meaning of human freedom and the responsibilities—social and individual—its growth and retention entail. That is the more so because Dr. Ryan's narrative, as interesting as a novel, is not so much a defense of his positions as an exposition of how and why he reached the conclusions that determined his policy. This is seldom a dominant characteristic of biographical writing and adds both charm and intrinsic value to the record of a valiant soldier of the Cross in the endless struggle for human freedom and social justice.

Samuel McCune Lindsay

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Jews in a Gentile World: The Problem of Anti-Semitism. Edited by ISACQUE GRAEBER and STEUART HENDERSON BRITT. New York, The Macmillan Company, 1942.—x, 436 pp. $4.00.

"Anti-Semitism is the core of an attack against: (1) democracy, (2) Christianity, (3) the idea of right and wrong, law and ethics, (4) civilization in any form. Whenever and wherever it appears, it should be viewed as a most definite danger sign" (p. 18). After a first chapter devoted to the development of this thesis by Carl J. Friedrich, *Jews in a Gentile World* plunges its readers into a helpful discussion of that complex subject often designated "the Jewish problem". Actually it is not "the Jewish problem" but rather one form of the emerging problem of universal democracy among cultures.

Eighteen sociologists, psychologists and political scientists probe such questions as "Are the Jews a Race?", "What Is the Origin and Nature of Anti-Semitism?", and "Jewish Contributions to Culture". As one might expect, with so many minds tackling a single topic, there are duplication and disagreement but the evident purpose of the volume is to shed light from many angles on various facets. The result should stimulate further research on the part of scientists and students in all of the colleges and universities of the country.

The title is naïve. We will wager a Jew chose it. It permits a scientific discussion to rest on the illusion that there is a solid "gentile" world over against Jews, when as a matter of fact the so-called "gentiles" are as divided among themselves in attitudes and prejudices as Jews and non-Jews. To a Mormon, for example, the Jew is a gentile! Moreover, the title is bad because it lends credence to the anti-Semite who wants scientists as well as untrained minds to feel that the relationships between Jews and their neighbors have special insolubility: while the factors are different, it is altogether misleading to believe that the elements are more difficult than those of relations between Occident and Orient, Negro and white, or among Christian, Moslem and Hindu.

The authors of this symposium reach a consensus on the following points: (1) The problem of anti-Semitism is a complex cultural phenomenon rather than simply a religious, racial or economic one. (2) The persistence of the Jews in the face of centuries of persecution is attributable to their ethical idealism and their sense of mission. (3) The American scene is so much a part of the world picture that national and world solutions are bound together.

The large scope of the collected papers can be appreciated by noting that after Professor Friedrich's admirable introductory definition

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of anti-Semitism as a challenge to Christian culture, seven sections follow. (1) The discussion of race is admirable, but fails to determine whether Jews are a "people", "a cult", a nationality, a religious culture, or what. Although *race* is a term most writers reject in reference to Jews some in this book use it. (2) The history and sociology of anti-Semitism is done with great understanding by two non-Jews, and then with amusing impatience one throws up his hands as if to say one cannot do much about it because the Jews will not change and the Christians will not remember. (3) The section on psychology of anti-Semitism provides a genuine contribution to the mental health of both Jews and non-Jews, with helpful reference to the delusional qualities of Jew-hate, but admits that there is no immediate, specific therapy for the problem of anti-Semitism. "The most we can do is to prevent anti-Semitism from becoming overt in the democracies." Jews can help by ridding themselves of the delusion that dislike of certain individual Jews should be attributed solely to the propaganda of vicious *goyim*. (4) "The American Scene" splendidly pictures the small community as well as the large city problem, and brings out the "cleavage in ethos". The chapter by "Anonymous" develops a convincing argument that offensive mannerisms which cause conflict can be remedied. (5) Under a heading "Rhythm of Two Worlds" Carl Mayer has an especially brilliant paper claiming that only at the level of religion and philosophy is Judaism understood, a chapter which is an excellent balance to the prevailing biological and behavioristic approaches in this book. (6) Miriam Beard debunks the economic determinist debunkers. (7) In discussing the outlook for the future a call is sounded for more research and experimentation. Let Ph.D. candidates take note!

The volume should be applauded as an extremely important contribution. One's chief negative feelings emerge from various suggestions offered as "solutions". Several authors rightly remind us that the fate of all of us, including Jews, is bound up in the world struggle for the preservation of democracy. Yet others suggest, on the contrary, that the only solution is "assimilation" to the point of disappearance of the Jewish group. This reviewer disagrees emphatically with that thesis, as do several of the authors.

Organized anti-Semitism in today's world, as in the past, differs widely from simple prejudice among Jews and Christians. It is one aspect of the counter-revolution against democracy. Once we have established a system of world order to prevent the rise of international gangsterism, we shall have a fair chance of applying the principles of religion and education to the field of human relations with

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strong possibility of success. Let us not forget that our American problem was being seriously complicated by the mass migration of Jews, driven here by the Russian pogroms, when Nazi propaganda and ideology confounded it still further. It is a tribute to our democracy that two such European barbaric reversions within fifty years have not given us more of a problem than we now confront!

This book leaves a reader with hope. There are two aspects of a solution to the problem: (1) the building of a world of law and order so that anti-Semitism cannot again become an instrument of international politics, and (2) the application of the principles of community conference, education and religion within the democratic system so that perennial difficulties will be negotiated, conflict situations met with statesmanship, and mutual respect and friendliness among culture groups of the United States nourished. This is the course being taken by the National Conference of Christians and Jews. It is cultural democracy we seek.

American democracy does not ask groups to give up their unique identities. "Anonymous" has stated it well when he says that we should attach "allegiance to excellent models of all cultures—and thereby [create] an intercultural fellowship which might go a long way toward alleviating the shock which their mutual impact inevitably produces" (pp. 262-63). Furthermore this reviewer likes the suggestion of Raymond Kennedy that the schools and churches, now rather largely neglecting the whole important field of intercultural education, should get busy immediately.

EVERETT R. CLINCHY
NATIONAL CONFERENCE OF CHRISTIANS AND JEWS
NEW YORK CITY

The Defense of Freedom: Four Addresses on the Present Crisis in American Democracy. By EDMUND EZRA DAY. Ithaca, Cornell University Press, 1941.—63 pp. $1.25.

Democracy in American Life: A Historical View. By AVERY CRAVEN. Chicago, The University of Chicago Press, 1941.—xi, 150 pp. $1.00.

What Is Democracy? By CHARLES E. MERRIAM. Chicago, The University of Chicago Press, 1941.—xi, 115 pp. $1.00.

These thirteen lectures belong, with two exceptions, to the critical nine months between the collapse of France and the enactment of Lend-Lease. As such they are part of the material on which one must sometime base an answer to the insistent question: Did American

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scholars do their full duty in preparing the American people to face the crisis that was developing in the world about them? Time has brought no answer yet, but it has sufficed to place in clearer perspective these three books. The present reviewer has re-read each of them at least three times in the months since publication, but he confesses that his judgment must still be based on personal values rather than objective criteria.

On the whole, the four addresses of President Day stand up best under retrospective scrutiny. The point of view that animates them finds eloquent expression in the concluding lecture on "The Discipline of Free Men". The function of a university and of liberal scholarship, to summarize his argument, is discipline, defined as the "ordering of life to some larger and more impelling purpose" (p. 48).

Conventional though this conception may seem, events have proved its validity. The great disasters of the war, from Sedan to Singapore, have been failures not of matériel but of men. The glorious pages, written by Englishmen at Dunkerque, by Greeks in their homeland, by Russians at Stalingrad, have been achievements not of matériel but of men. If universities and scholars have helped and are helping to develop disciplined men, then the value of their contribution to war and to peace is unquestionable. President Day performed a notable service in upholding this conception in days when it was under widespread attack.

The other two volumes under review, though somewhat different in character, were also offered as contributions to morale rather than to knowledge. Both comprise lectures delivered at the University of Chicago on the Charles R. Walgreen Foundation, established "to foster an intelligent citizenship and patriotism."

Professor Craven, speaking as an historian, examines four periods of American national life in an attempt to isolate therein the essential principle of democracy. Jefferson's philosophy, the frontier, the Civil War, and the agrarian movement of the 1880's and 1890's are successively analyzed, and their common democratic element is judged to be revolt on the part of the common man. There are few individual statements with which one would differ—but what is one to make of the conclusion (p. 138) that Lincoln "launched . . . [a] democratic revolt . . . in 1860"? Professor Craven's interpretation as a whole, however, seems one-sided, if we consider that it was presented to a general audience at a time when the elements of unity in the American tradition were being so sorely tried. Movements of

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protest have played a vital rôle in the development of American democracy, without question, yet democracy itself has been something more than protest alone. It has grown also through debate, concession, and common action. The Constitution, for instance, deserves attention in some other light than merely as "a reactionary document" (p. 13).

On this aspect of the matter, Professor Merriam provides a useful corrective, for he deliberately poses the question: "Can democracy exist where there are widely ranging social groups with sharply varying and conflicting interests?" (p. 31). His answer to this, as to other questions, is profoundly optimistic. Encouragingly he lends the weight of his authority to a denial that democracy is inherently less efficient than despotism.

In his optimism, however, Professor Merriam is sometimes inclined to explain away things that should instead be resolutely faced. Moreover, what is intended as ringing affirmation has sometimes the overtones of complacency. "Democracy", he says on an early page (p. 6), "is the best form of political association that the mind of man has been able to devise thus far." The line between triumphant faith and smug self-satisfaction is a narrow one. Conceivably these lectures may have strengthened the latter instead of inspiring the former.

ARTHUR E. BESTOR, JR.

STANFORD UNIVERSITY

Toward a Philosophy of History. By JOSÉ ORTEGA Y GASSET. New York, W. W. Norton & Co., 1941.—273 pp. $2.75.

History as the Story of Liberty. By BENEDETTO CROCE. Translated by Sylvia Sprigge. New York, W. W. Norton & Co., 1941.—324 pp. $3.75.

Times of great crisis are generally periods which induce man to think about the fate of civilization and the meaning of history. Oswald Spengler, with a prophetic vision, warped by his Nietzschean contempt for man and for moral values, was the first to proclaim that the human condition had arrived at one of its critical turning points. He has been followed by many who complain about the decadence of the times and look to the study of history to find comfort and guidance, constructing systems of course and re-course, of equilibrium and pendulum, and losing themselves sometimes in the mystical vagueness of faith, of thirteenth-century Christianity or of the Kingdom of God. Their systems could offer little help to the historian

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and scant encouragement to man struggling in the midst of the crisis. Though little of help will be found in the rather unconnected essays which José Ortega y Gasset has collected under the title *Toward a Philosophy of History,* a title which really fits only one essay, the central one, nevertheless they will reward the reader through the balanced charm of their presentation and through the stimulating character of their thoughtful content.

It is the distinguishing character of man that he knows of continuity. Human history can never begin again. "Man, thanks to his power of memory, accumulates his past; he possesses it and can make use of it." Man's reality is the aggregate of his experiences, the past is all he has. In the present crisis man "sees himself forced to a concern with his past, not from curiosity nor in the search for examples which may serve as norms, but because it is all he has. For this reason the present hour is the appointed time for history to reestablish itself as historical reason." The continuity of our historical experience is the substance of our life. Of all countries of Europe Ortega finds that England best realizes this continuity and thereby the historical dignity of man. "England is the country which has always reached the future first, leading the others in almost every sphere of life. We might omit the almost." This tribute to England (which in these last two critical years has again reached the future first), by a Spanish thinker who, though he lives in Argentina, is probably not out of sympathy with Franco's Spain of the past, is a tribute paid to liberty as the true substance of history.

Such a tribute is the meaning of one of the most helpful and hopeful books which have come out of the crisis. It comes from a man who lives in the midst of a fascist world, and who, without the slightest concession to the darkness of his environment, has held high the moral dignity of the thinker and of the man. After a long life in which he has excelled equally as a philosopher, as a historian, and as a literary critic, Benedetto Croce has in his last book, written in Naples in 1938, continued, consciously and courageously, the great tradition of European liberalism and restated the eternal values of liberty and truth, at a time when *viri obscuri* of all kinds and all means of violence try to extinguish them. The book consists of forty-eight very brief essays, not always connected, sometimes repetitious, and sometimes verbose. Nevertheless the book has a fundamental importance, for the historian as well as for the observer and analyst of our time. Croce, in his well-known theory, sees history as the substance of all life and in closest connection with action. "Histor-

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ical science and culture exist for the purpose of maintaining and developing the active and civilized life of human society." Historicism is therefore true humanism, referring to the past for guidance of one's own action. "Reality is history and is only historically known."

This history, which is the only reality of man's life, is the history of liberty. "Liberty is the eternal creator of history and itself the subject of every history." But liberty is never a safe possession. It demands vigilant self-awareness and eternal readiness for defense; but it is never so much in the foreground as in periods of general confusion, when many are groping for utopias of all kinds. Liberty and liberalism may then appear depressed or exhausted. It is good that Croce reminds us "that the liberal idea is never outmoded because the moral ideal with which it substantially coincides can not be outmoded." Such a message comes to us from fascist Italy, from a man who is probably as deeply steeped in the best European tradition as any other living man. He notes with sorrow and scorn that for the last fifty years Europeans have idolized men of unbridled and impetuous vitality, an idolization which is the mark of moral abasement. "While the historian understands the part played by these men and the destiny they fulfilled, he can not forget that they spread terror and hatred in the human heart and tortured the body and soul of men: and he stands on his guard lest his historical justifications lapse into moral justifications and so become perverted by supporting perverse dispositions." Too many historians and political scientists have fallen victim to this lapse, against which Croce warns. But historiography is "a true vigil at arms in which there is no use for narcotics or intoxicants." Croce is one of these true vigilants at arms.

HANS KOHN

SMITH COLLEGE

Constitutional Thought in Sixteenth-Century France: A Study in the Evolution of Ideas. By WILLIAM FARR CHURCH. Cambridge, Harvard University Press; London, Oxford University Press, 1941.—360 pp. $3.75.

In this volume of the Harvard Historical Studies, Mr. Church has provided us with a more complete and more detailed study of certain aspects of French political thought than has hitherto been available in the English language. He offers a scholarly account of the leading writers on the authority and prerogatives of the monarch in the sixteenth century, tracing with careful documentation the changes

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and the variant expressions of doctrine. His book should therefore be of genuine service to all students of the history of political thought.

The author holds his subject within assigned limits. He directs himself, for the most part, to "constitutional thought" as distinct from other contributions to the doctrine of the state. Moreover, he is concerned with "constitutional thought" as it is presented by a specific group of writers, or rather by three closely related groups, "the legists, the historians, and the officers in the royal administration". The "legists" receive major attention, and the selection is justified on the ground that the lawyers and the legalist viewpoint dominated political speculation in the sixteenth century in France. This claim is certainly well founded. But nevertheless some doubt may arise whether the author's preoccupation with the "legists" may not lead to an oversimplified picture of the processes of political thinking during this century. The trend to absolutist conceptions, displayed in the devotion to the pragmatic logic that refuted the traditional and customary curbs on the royal power, was undoubtedly dominant and peculiarly characteristic of the times. The jurists—and in this respect the adherents of the French law went much further than the Romanists—were the intellectual leaders of this trend. But in other quarters it met with considerable resistance. The Catholic writers, the Huguenot opposition, pamphleteers of various schools, were also concerned with constitutional issues. In fact we cannot, particularly for this age, separate the constitutional question from other political questions. The jurists had no monopoly here. It engrossed the writers of the Catholic League, it engrossed Beza and Hotman and the author of the *Vindiciae*—the last-mentioned is entirely ignored in this work—no less than it did de Seyssel and Grasaille and Bodin.

If we have any doubt concerning this work it does not apply to the author's scholarship but rather to his sense of proportion. He is apt to put in elaborate and cumbrous forms such simple facts as that many political writers of the sixteenth century perceived that law must change with the times. His appraisals are sometimes based on rather formalistic criteria. Thus the extreme absolutist Loyseau is placed on a pedestal above Bodin, possibly because his system is more clear-cut and uncompromising. The same formalism appears in the attribution of simple rational motives for the position adopted by the jurists. Perhaps a little infusion of modern psychology or sociology might have tempered these views.

R. M. MacIver

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BOOK NOTES

Assumption by "typewriter strategists" that they are in the full confidence of all military and naval commanders in this war, both Allied and Axis, is the basic fallacy in most of the literature now pouring from our presses. No exception is *The Great Offensive: The Strategy of Coalition Warfare* (New York, The Viking Press, 1942; vi, 360 pp. $3.00) by Max Werner, translated by Heinz and Ruth Norden. As a compilation of newspaper and periodical reports on the war the book is a good job. It is buttressed by similar compilation of pertinent literature upon the tactical doctrines of the warring nations. As an estimate of the situation, however, its value is nil. And when Mr. Werner stresses the course to be followed by United Nations' chiefs in the future he is merely crystal-gazing. Very properly he remarks: "To understand the course of the German-Soviet War and to judge its perspective it is necessary to penetrate into the laboratories of the two general staffs." Since it is manifestly impossible for Mr. Werner to accomplish this task, his following pontifical sight-seeing trips into the minds of those staffs must be heavily discounted. *The Great Offensive* is, pure and simple, propaganda for a second front. All thinking persons will agree in the thesis. The when, where and how, as we now realize, are best left to the responsible military men who possess the logistical data and all the other factors essential for its success.—R. ERNEST DUPUY, Washington, D. C.

The third volume of *Public Policy: A Yearbook of the Graduate School of Public Administration, Harvard University* (Cambridge, Graduate School of Public Administration, 1942; vii, 275 pp. $3.00), ably edited by Carl J. Friedrich, Edward S. Mason and Pendleton Herring, is available at the bookstands. Like its predecessors, it presents a collection of exceedingly timely essays written in a fashion that does not tax the patience of the educated lay reader with an exhibition of intricate scientific apparatus. It seems to this reviewer that Part I in particular which deals with problems of War Morale and Civil Liberties deserves more than casual perusal. There is a widespread disposition on the part of even the educated public to take morale and civil liberties for granted. Such an attitude, while perhaps of little consequence in tranquil times, may prove fatal in periods of rapid change. Morale does not grow spontaneously out of a social situation which calls for its presence. An institutional situa-

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tion characterized by the presence of civil liberty is not something delivered to us by destiny in a time-proof and properly insured container. Morale and civil liberty must be built and rebuilt by those who wish to enjoy their benefits. The story of how to build, integrate and measure morale is told by Gordon W. Allport and Edward L. Bernays. Concepts of civil liberties are explored by David Riesman, and the institutional machinery necessary to make concepts of civil liberties effective, even under conditions of belligerency, are explained by Alan Burr Overstreet. Part II contains three essays devoted to an investigation of the rôle of labor in the present war. D. H. Davenport presents the major problems confronting the nation as a result of the necessary rechanneling of labor resources into defense plants. Earl G. Latham discusses the present supply of types of skills and the attitude of labor toward the conflict, and draws significant comparisons between labor problems in the United States in 1917 and after December 7, 1941. Judge Charles E. Wyzanski, Jr., presents a mature and balanced review of past and present trends in the labor market, trends which, in part at least, are likely to determine the position of labor during and after the present war. Four essays dealing with problems of war finance and public administration constitute the third part of *Public Policy*. James Tobin, in an essay which can be absorbed by the layman without producing acute aversion to statistics, illuminates "The Role of Statistical Forecasts in Planning for Defense". Wayne C. Grover discusses the all-important problems of Army and Navy supplies and offers interesting suggestions regarding the desirability of military vs. civilian control. Laurence L. Barber, Jr., traces and evaluates the effects of the defense program upon one municipality—Quincy, Massachusetts. The volume closes with an essay by Alvin H. Hansen, "Changes in Economic Structure Arising out of the War and Their Implications for Public Policy", which represents an attempt on Professor Hansen's part to project what he considers strategically important past trends into the post-belligerency future. Any such attempt is manifestly hazardous and likely to be productive of controversies. But unless some men venture to look toward tomorrow, tomorrow is likely to be a day of disillusionment for all men.—PAUL H. WUELLER, The Pennsylvania State College.

History of the United States Food Administration, 1917-1919 (Stanford University, Stanford University Press, 1941; xiv, 399 pp. $4.50), by William Clinton Mullendore, with an Introduction by Herbert Hoover and a Foreword and Bibliography by Ralph Haswell

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Lutz, contrary to what one might expect from the title, is not a new account of the activities of the Food Administration. Mr. Hoover's forty-page Introduction was written in 1920, and Mr. Mullendore's contribution, a "Report on the Food Administration", was completed the following year. Taken together, they round out the record already partly set forth in the printed annual reports of the Food Administration for the years 1917 and 1918. In his first chapters (there are thirty-four in all), Mr. Mullendore treats the food problem after the United States entered the war, the passing of the Food Control Act on August 10, 1917, and the creation and organization of the Food Administration under Herbert Hoover. Chapter 4 covers the relations of the agency with other government agencies. The author next takes up the conservation problem (chap. 5), and then devotes four chapters to the very important topic of wheat and flour regulation. This entails a discussion of the activities of the Grain Corporation. Having thus amply disposed of wheat, Mr. Mullendore properly limits to one chapter each his discussion of such lesser commodities as sugar, cottonseed, coarse grains, rice, dried fruits, beans, and coffee. Perishable and collateral commodities come in for attention in two chapters. Other topics treated are the packing industry, the canning industry, coördination of purchases, transportation, coöperation with other governments, and demobilization. Everyone who is interested in the production, conservation, distribution and consumption of food during the last war should be grateful to the author and the Stanford University Press for making this report available in printed form at the present time. It is no disparagement of the work, however, to remark that the history of the Food Administration remains to be written. A government report, like an autobiography, satisfies only to a degree. It omits too much. Someone once commented in regard to the volume on the French Revolution in the *Cambridge Modern History* that the learned contributors seemed to be unaware that they were describing a revolution. Mr. Mullendore no doubt was well aware of the excitement attached to the work of the Food Administration, but in the midst of his facts and figures he could not very well reflect it. For example, he writes concerning the use of the pinto bean as follows: "By endorsing it as a food, the Food Administration encouraged its increased consumption, and in the early part of 1918 the Food Administration Grain Corporation entered into contracts purchasing a large part of the 1917 crop" (p. 301). But compare this factual statement with the picture obtained from a letter written in March 1918 by an official in the Washington office of the

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Food Administration. The letter reads in part: "People back here are fast being introduced to the 'Colorado Speckled Beauties,' and everyone who gets a taste hollers for more. One shipment was put out here in Washington and sold like hot cakes. Two carloads are now rolling to this point. Pintos are served in the cafeteria which is run in conjunction with the Food Administration, and 'Pinto Bean Day,' which comes about twice a week, is looked forward to by everyone." The future historian of the Food Administration might well use such letters to advantage.—CARL LUDWIG LOKKE, The National Archives.

America Organizes to Win the War: A Handbook on the American War Effort (New York, Harcourt, Brace and Company, 1942; x, 395 pp. $2.00) is a book that deserves a wide public. Designed as "a handbook on the American war effort", it is an admirable publishing achievement and a noteworthy contribution to a better understanding of the cause for which we are fighting. In twenty carefully prepared chapters there is presented a brief, expert survey of the underlying forces that precipitated the second Great War, of America's military and civilian preparations to win the war, and of the issues that must be met and the problems that have to be solved to insure victory and a lasting peace. In three stimulating introductory essays Professors Commager, Schuman and Lerner discuss the causes and issues of the war. The salient facts concerning the organization of our armed forces are then interestingly told in several informative articles. Valuable studies of the rôles of agriculture, industry, labor and finance in the war effort are contributed by Secretary of Agriculture Wickard, A. E. Dodd, of the American Management Association, John Chamberlain, and David Cushman Coyle, respectively. Censorship and the part played by psychological warfare and morale in the prosecution of the war are authoritatively analyzed. Thoughtful chapters are devoted to a review of what the scientists are doing to win the war, and to a study of health problems and national welfare in wartime and after. Practical proposals are forthcoming on what youth can do to aid in the struggle and how artists and writers can help. The last two chapters of the book are intended to give the reader a fuller understanding of the war aims and peace objectives of the United Nations, as revealed in selections from the addresses of President Roosevelt and Prime Minister Churchill and the keenly realistic observations of Vice President Wallace. Not all the articles are of equal merit. On the whole, however, it is a highly commend-

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able job. There are interesting pictorial graphs, a good index, biographical notes about each contributor, and much useful factual material. It is to be regretted that the selection from President Roosevelt's Congressional message of January 6, 1941, on "the four freedoms" was omitted, particularly as there are three conflicting versions of this pronouncement in the book by as many contributors. The expert in government and politics will find some of the chapters elementary in nature, but this book is meant to reach a wide audience, and by its publication in these critical times, American scholarship has performed a useful service.—SIDNEY I. POMERANTZ, The City College, New York.

The last installment of Professor W. K. Hancock's *Survey of British Commonwealth Affairs,* Volume II: *Problems of Economic Policy, 1918-1939,* Part 2 (London, New York, Toronto, Oxford University Press, 1942; xii, 355 pp. $5.00), contains two long chapters, concerned respectively with problems raised by the intrusion of white settlement and enterprise into Southern Africa ("the settlers' frontier") and of white enterprise without settlement into West Africa ("the traders' frontier"), and a short conclusion reviewing the whole survey from its beginning. Each of the main chapters sets its area in historical perspective, gives a detailed analysis of its contemporary economic and social problems and, without prescribing remedies, suggests certain lines of solution. The work is permeated with the view that the hope of the future lies in the conscious fostering of the welfare of backward regions and peoples. The author sees the solution of the basic problem of Southern Africa in a recognition of "the inevitability and indissolubility of the collaboration which binds together Europeans, Natives, Indians and Coloured people in the daily work" of the region (p. 89). Their destinies are so inextricably intertwined that poverty among Europeans can be combated successfully only if that of the Natives is removed at the same time, and wealth, welfare and security can be established for one group only if they are shared in large measure by all. So, too, Professor Hancock's discussion of West Africa leads him to the conclusion that the principle of trusteeship today must be interpreted in economic rather than merely political terms. Indirect rule is merely the form of good government in dependent areas. The substance is found in the cultivation of colonial welfare even at an economic cost to the imperial country. This new concept of trusteeship, he argues, finds expression in the 1940 "Statement of Policy on Colonial Development and Welfare" by which the British government assumed the obligation of

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making regular contributions toward the establishment and maintenance of minimum standards of social welfare in the colonies. He rightly emphasizes the tremendous potentialities inherent in this new approach to the colonial problem. The work brought to a conclusion by this volume is the most important contribution to an understanding of the British Empire that has appeared in at least a decade. What Professor A. B. Keith is to the study of imperial constitutional law, Professor Hancock is to the study of imperial politics and economics. —T. P. PEARDON, Barnard College.

The historical development of the anachronistic rules in international law, which may be found in *Prisoners of War: A Study in the Development of International Law* (Washington, American Council on Public Affairs, 1942; 179 pp. $3.25) by William E. S. Flory, should be of particular interest to a country which still observes them. The author himself admits they are anachronistic by stating (p. 161), "if they [rules on prisoners of war] had a clear theoretical basis, relating to the nature of the state or to the character of warfare, the theory could be challenged and the whole body of law would hang in the balance." But inasmuch as this country at least does observe these rules, it is well to understand their origin; and the interpreter and practitioner of the law could benefit by tempering the rules as they are found in treaties and tracts on customary law by a recognition of the factors which made possible and influenced the development of the particular rule. Considerable attention has been given to the rules and practices of the treatment of prisoners during the Revolutionary and Civil Wars, and perhaps undue emphasis has been given these wars vis-à-vis the first World War in the first three chapters. Only one reference has been made to the present war (p. 136). An appendix suggesting to what extent these rules are being followed in the present war would have been valuable, even if the amount of available information were small, making it difficult to ascertain trends or determine policies, as the author states in his preface. For example, the effect of modern war on the rules of prisoners of war in the present Russian-German battle would at least qualify the author's first conclusion: "it is not likely that any nation will attempt to invoke the consideration that prisonership is incompatible with modern warfare" (p. 161). The book is well documented; the 101 copious footnotes manifest laborious research, and the selected bibliography of primary and secondary sources includes a representative sampling of British, American, German and French references. The author has divided his work into eight chapters, beginning with one on the concepts of

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international law in ancient warfare, Middle Ages, and the modern practice. His second chapter on prisonership categories recognizes the need for some identification between enemy aliens and prisoners, a need he might well have illustrated by examples from the present war in England. Treatment of prisoners has been considered in the third, fourth and fifth chapters, and the sixth and seventh chapters deal with the release of prisoners. In the sections on ransom and parole of the sixth chapter, as in certain other sections of the book, the author has devoted perhaps a disproportionate amount of space to practices which are of historical interest only. Without doubt, however, the last chapter on the " Dynamics of the Law " is an excellent summary of a careful and scholarly piece of work.—MARTIN B. TRAVIS, JR., Hinsdale, Ill.

Contemporary Europe: A Study of National, International, Economic, and Cultural Trends (New York, D. Van Nostrand Company, Inc., 1941; xiii, 670 pp. $5.00) is a symposium edited by Joseph S. Roucek with the collaboration of twenty-nine other writers. It is designed to serve primarily as a textbook and as such will rank among the best publications in its field. The four introductory chapters discuss the political and economic development after 1919. They are followed by twenty chapters concerned with the individual nations of Europe, including those whose interests reach far beyond that continent, such as Great Britain, the Soviet Union and Turkey. There is also a chapter on the papacy in post-war Europe. The last nine chapters constitute an attempt to present a picture of the new ideologies and state forms, European " geopolitics ", and the recent trend of science, philosophy, literature, the arts, and the social sciences, and a survey of the events which led to the second World War. Clearly, such an ambitious program is liable to bring spotty results. Some of the chapters, notably those on Czechoslovakia and on the Scandinavian countries, are excellent, but the section on Hungary, for instance, can scarcely be considered unbiased. The chapters on Italy and Germany present a very incomplete picture of the social roots of modern fascist movements. Elsewhere, the commendable intention of the authors to be factual in practice often results in too critical an attitude. There are also some minor misunderstandings (for instance, Dollfuss' party in Austria is referred to as " Christian Socialists " on p. 328), and a number of errors in spelling. In the final part of the book, the chapter on the social sciences, especially the portion on economics, is by no means well balanced. On the credit side of the symposium, which far exceeds these short-

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comings, there is the interesting attempt to describe comprehensively the recent development of each country by a combination of geographic, ethnographic, historical, economic and cultural methods of approach. Each section includes ample bibliographical references. The style, on the whole, is very readable, and many of the maps are excellent. Despite the rapid sequence of events, most of the material presented remains valid and useful, and the book will be of lasting value, especially if a new edition should offer the opportunity to eliminate initial defects which are perhaps inevitably connected with such an undertaking.—ALBERT T. LAUTERBACH, New York City.

In *The Integration of American Society: A Study of Groups and Institutions* (New York and London, McGraw-Hill Book Company, 1941; x, 228 pp. $2.50) Robert Cooley Angell, a well-known sociologist, has examined American society in order to discern what degree of integration it displays. The central question of the book is whether the multiplication of groups is having a disintegrative effect upon American society. The author's method is to describe each of the great institutional complexes in turn, probing in and about each one in the attempt to discover whether or not there are things in it which effectively promote loyalty to the common values and institutions of our society. The conclusion, that American society does not display a high degree of integration, is one to which most of us would give assent. Nevertheless, the book is perplexing and somewhat disappointing. The reviewer doubts that it contributes much to the understanding of our national society. The chief defect seems to be that the author treats his subject wholly on the symbolic, or verbal, level. He has studied several American institutions at first hand, but one gets no sense of this from his book; his understanding of institutions seems formal, distant, and secondhand, and he has quite clearly written his book from other books. In dealing with values, he seems to forget that the values people talk about, the values which they confess and parade before the public, may not be the values on which they base their action; verbalized values are apt to be mere fictions and rationalizations. Concerning the fundamental values which Angell lists, one tends to be sceptical, and to doubt whether they are really fundamental or ever have been; in any case they are not the only values to be considered; if Angell's values—patriotism, the dignity of the individual, democracy, and technological progress—are in fact fundamental, there are others of equal importance. Are not the cult of success and the philosophy of climbing as character-

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istic of our society as "the dignity of the individual"? Would not a realistic treatment of our society call attention to the "Where do I get mine?" sort of motivation? The truth seems to be that institutions engender fictions and illusions. People in the mass must live by these illusions, but it is the task of the social scientist to cut through illusion to the hard core of truth. Most of us would have no need of Angell's elaborate analysis to convince us that American society contains many inner contradictions. Many of these inconsistencies and contrarieties are incidental to rapid social change. Perhaps they have a broader meaning, and presage a time when authoritarian controls enter to give us integration at whatever cost. Angell's work, unfortunately, tells us little or nothing about the possible or probable consequences of our lack of societal integration.—WILLARD WALLER, Columbia University.

Guinea's Captive Kings: British Anti-Slavery Literature of the XVIIIth Century (Chapel Hill, The University of North Carolina Press, 1942; x, 340 pp. $3.00), by Wylie Sypher, is an indispensable aid to the student of the social sciences. His general conclusion, from an exhaustive analysis of eighteenth-century poetry, prose and drama, is that the anti-slavery literature is primitivistic and sentimental, containing little genuine humanitarianism, concentrating on the injustice of enslaving the "noble Negro", with the vicious implication that the slavery of the ignoble Negro is deserved. From the literary standpoint there are few criticisms. The best anti-slavery pieces, Cowper's "Task", Burns's "Slave Lament", Blake's "Little Black Boy", Southey's "The Sailor Who Had Served in the Slave Trade", Thomson's description in his "Summer" of the shark following the slave ship, Defoe's healthy realism in his novels and his "Reformation of Manners"—these are literary as well as historical gems. Cumberland's play, the "West Indian", gives an excellent portrayal of West Indian character, while in Bickerstaff's "The Padlock" the simple line, "For though no Briton, Mungo is—a Man", contains an eloquent and effective plea that slavery is incompatible with natural rights. Mr. Sypher has arbitrarily ended his study in 1800, and in one sense this is unfortunate. Coleridge at the beginning was enthusiastic and Wordsworth indifferent to the humanitarian cause. But if Sypher notes Coleridge's later backsliding in 1811 when he sneered at the "philanthropy-trade", he ignores the parallel of Wordsworth and Southey who in 1833 both opposed emancipation. Southey advocated compulsory manumission, which would, with rea-

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sonable hope, extinguish slavery "in the course of one generation". Wordsworth pleaded that "slavery is in principle monstrous but it is not the worst thing in human nature." It was "not in itself at all times and under all circumstances to be deplored." The great weakness of this book lies in its political background. No excuse can be offered for a writer who quotes Coupland and Klingberg as "of particular value" and refers only to minor aspects of the monumental research Ragatz has given us. Postlethwayt, prolific mercantilist writer of the middle of the eighteenth century, did not in general take "a dark view" of the slave trade, as Sypher concludes from a single passage. It is not true that the British abolitionists always intended to attack slavery; they reached this stage only in 1823. The decline in abolitionist fervor between 1789 and 1800, followed by the "ironical" majority in Parliament in 1807, is not as strange as Sypher thinks. It can be understood only in the light of American independence in 1783 which diminished the value of the West Indies, the Privy Council Report of 1788 which proved that the West Indian system was unprofitable, and British efforts in the wars with Revolutionary France to conquer the rich French colony of Saint Domingue which needed 40,000 slaves a year. Abolition in 1807 was the result of the need to restrict production in view of the loss of the European market as a result of Napoleon's continental blockade. More than ever an adequate history of British slavery is imperative.—ERIC WILLIAMS, Howard University.

A long felt need has at last been filled by the publication of Austin F. Macdonald's *Government of the Argentine Republic* (New York, Thomas Y. Crowell Company, 1942; xii, 476 pp. $3.75). As this reviewer—himself an Argentine and former government official—is in a position to appreciate from personal experience, this book, a "first attempt in two decades to present a detailed, analytical account of Argentine politics and administration" (p. vii), gives a fairly accurate picture. Because of his brief residence in the country, the author, an American, had to rely on the Argentine literature and on information supplied by friends who had little awareness of what would particularly interest American readers. In spite of "every major statement" having been "carefully checked with recognized authorities" (p. vii), there are still many "errors of fact or opinion" (p. viii) and omissions. To cite examples: The Argentine naturalization procedure, unlike the American one, has nothing akin to a "declaration of intention" (p. 140). Casually the author says

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"A man brings suit—perhaps to get a divorce . . ." (p. 270), whereas there is no divorce under Argentine law. It is untrue that contracts are invalid unless drawn on official stamp tax paper or if the proper amount of tax has not been paid (p. 295). They are valid, although one has to pay a fine before they can be enforced. Lawyers' fees do not "relate to the number of pages written" in the briefs (p. 271)—the court determines these at its discretion. The author is also under the misapprehension that corporations pay income tax (p. 295). Actually, as agents for the Income Tax Authority, they merely withhold tax on the dividend paid out to the individual shareholder. The book's main weakness, however, is its unsystematic construction. To deal with a certain topic partially in one section, partially in another, often without cross-references, impairs the value of a work intended to be used as a handbook. But, with all its shortcomings—which, after all, are not surprising in such a first attempt—the book is a very useful contribution to the American public's knowledge of Argentina.—FELIX J. WEIL, Institute of Social Research, New York City.

The Reign of King Pym (Cambridge, Harvard University Press, 1941; 245 pp. $2.75), by J. H. Hexter, is a competent brief study of John Pym, a politician and parliamentary leader during the first years of the Long Parliament. Although the traditional picture of Pym is not materially altered, Mr. Hexter does insist that Pym be classified with the middle group rather than with the war party—a suggestion which constitutes a departure from Gardiner's traditional interpretation. Whether Pym may have been more of a member of the war party than he lets himself appear, for reasons of political strategy, is a question open to much debate. The core of the book concerns the surprisingly varied activities, policies and connections of the great middle group, which was loath to make war upon the king but was unwilling to make peace on absolutist terms. As a leader of this group, Pym appears as an outstanding parliamentary leader, sincere, cautious and farsighted. His relations with Essex are presented in detail. The latter emerges neither better nor worse than expected, but in clearer lines and colors. Pym stood by Essex during the crucial weeks in July and August of 1643, but with the death of Pym in December, the never glorious reputation of Essex vanished. While in general an admirable presentation, the work is not devoid of shortcomings. The title is somewhat misleading and inaccurate. There was no "King" Pym and there was no "reign". The organization

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is clear but the epilogue—one fourth of the entire volume—is too long. There is a question in the reviewer's mind, too, whether the tenuous history of the middle party up to 1688 belongs in a volume dealing with the life of a man who died in 1643. Despite these shortcomings, this study is a valuable addition to the monographic literature of the period. There are two appendices, a good bibliography, and an adequate index.—CLYDE L. GROSE,* Northwestern University.

Outstanding among Lincoln books is *Lincoln and the Radicals* (Madison, The University of Wisconsin Press, 1941; 413 pp. $3.00) by T. Harry Williams. Not even the able Lincoln could long hold together the heterogeneous groups who elected him President in 1860. Following the outbreak of the Civil War the Republican Party split into two main factions: the conservatives, whose paramount purpose was to preserve the Union, and the radicals, who aimed at the further objects of emancipating the slaves immediately, punishing the South and the Democratic Party, and making the Republicans supreme for all time. The author is vague as to the reasons why the radicals (whom he continually calls "Jacobins") adopted extremist policies. Dr. Williams' work is a masterly account of some of the trials and tribulations of the War President. Special attention is devoted to the activities of the radical-sponsored congressional Committee on the Conduct of the War, which waged a fierce fight against General McClellan and other Democratic West Point graduates. The Committee became the spearhead of the radical drive against the Administration throughout the conflict. It is plain that the author disapproves of the radical Republicans, and in this he seems justified. The present reviewer, however, does not agree with all of Dr. Williams' statements. Exception is taken to the assertion that Lincoln "braved the ire of the Republican spoilsmen, avid for the prizes of victory, by refusing to purge the government bureaus and departments of their Democratic incumbents . . ." (pp. 15-16). Years ago the late Carl Russell Fish demonstrated that there was an almost complete sweep of Democrats from civil offices by Lincoln. ("Removal of Officials by the Presidents of the United States", *Annual Report, American Historical Association,* 1899, vol. I, pp. 82, 84-86.) Again, it is difficult to conclude, as does the author (p. 24), that Montgomery Blair was "consorting" with the Jacobins. Such criticisms are exceedingly minor, however, when contrasted with the general excel-

* This review, edited by Leland H. Carlson, is based on the notes of Professor Grose, who died on May 6, 1942.

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lence of Dr. Williams' book. It places him among the comparatively few Lincoln authorities.—REINHARD H. LUTHIN, Columbia University.

Friedrich von Gentz: Defender of the Old Order (Madison, The University of Wisconsin Press, 1941; x, 326 pp. $4.00) by Paul R. Sweet is an interesting contribution to our knowledge of a lively man. Although the name of Friedrich von Gentz (1764-1832) rarely appears even in our general histories of the early nineteenth century, he was an important leader in his own day. Of Prussian origin, a prolific and slippery political writer, and long a close collaborator of Prince Metternich in Austrian affairs, Gentz eventually became "the most eloquent exponent of the Conservative system." Relatively obscure today, his name, according to his latest biographer, appears more frequently than that of any other person save Metternich and Tsar Alexander I in the first three volumes of Alfred Stern's ten-volume *Geschichte Europas seit den Verträgen von 1815 bis zum Frankfurter Frieden von 1871*. But Professor Sweet's book should serve to make untrue its own last sentence, namely, that Gentz's "name gradually fades from the memories of men." The volume, based to a large extent on archival and other manuscript sources, is eminently readable. It obviously stems from the pen of a man who has an unusual command of the language of his main foreign sources. There is frequent resort, though not too frequent, to direct quotation from Gentz and other leading participants, and the paraphrasing, wherever it occurs, is skillful. The author also has done a thorough job of checking the quotations rendered by his various secondary sources and has contributed an illuminating and very useful bibliographical note on early nineteenth-century Austria. Although the volume is definitely not of the "life-and-times" type, the author has succeeded in placing his subject very neatly into the political and social setting of his day. On the other hand, one cannot help but wish that there had been a somewhat greater effort to relate Gentz's ideas on politics and economics to those of other prominent thinkers of the time. There might also have been a little more on Gentz's interesting relations with Archduke John, brother of Emperor Francis I. Finally, the author's attempt to fit a chronological order into chapters of approximately equal length has led to a somewhat artificial categorization of periods. But these are perhaps largely matters of opinion.—WALTER CONSUELO LANGSAM, Union College.

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